

BASE PROSPECTUS



MDC – GMTN B.V.

(incorporated with limited liability in the Netherlands, having its corporate seat in Amsterdam)

Global Medium Term Note Programme

unconditionally and irrevocably guaranteed by

Mubadala Development Company PJSC

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

Under this Global Medium Term Note Programme (the **Programme**), MDC – GMTN B.V. (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). The payments of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by Mubadala Development Company PJSC (the **Company** or the **Guarantor**).

Notes may be issued in bearer or registered form (respectively **Bearer Notes** and **Registered Notes**).

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

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see “Risk Factors”.

Application has been made to the United Kingdom Financial Conduct Authority in its capacity as competent authority under the Prospectus Directive (as defined herein) (the **UK Listing Authority**) for Notes issued under the Programme (other than Exempt Notes (as defined below), during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the UK 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. References in this Base Prospectus to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange’s regulated market and have been admitted to the Official List. The London Stock Exchange’s regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (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 certain other information not contained herein which are applicable to each Tranche (as defined under “*Terms and Conditions of the Notes*”) of Notes (other than Exempt Notes) will be set out in a final terms document (the **Final Terms**) or in the case of Exempt Notes in a Pricing Supplement (as defined below) which, with respect to Notes to be listed on the London Stock Exchange, will be delivered to the UK Listing Authority and the London Stock Exchange. Copies of the Final Terms in relation to Notes to be listed on the London Stock Exchange will also be published on the website of the London Stock Exchange through a regulatory information service. In the case of Exempt Notes, notice of the aggregate nominal amount of such Exempt Notes, interest (if any) payable in respect of such Exempt Notes, the issue price of such Exempt Notes and certain other information which is applicable to each Tranche will be set out in a pricing supplement document (the **Pricing Supplement**).

The requirement to publish a prospectus under the Prospectus Directive only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area and/or offered to the public in the European Economic Area other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as defined herein). References in this Base Prospectus to **Exempt Notes** are to Notes for which no prospectus is required to be published under the Prospectus Directive. The UK Listing Authority has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes. The Programme provides that Exempt Notes may be listed 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 and the relevant Dealer. The Programme also permits Exempt Notes to be issued on the basis that they will not be admitted to listing, trading on a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC) in the European Economic Area and/or quotation by any competent authority, stock exchange and/or quotation system.

The Company has been assigned a rating of Aa2 by Moody’s Investors Service Singapore Pte. Ltd. (**Moody’s Singapore**). Moody’s Singapore has placed the Company on review for downgrade. The Emirate of Abu Dhabi has been assigned a rating of Aa2 by Moody’s Investors Service Ltd. (**Moody’s**). Moody’s has placed the Emirate of Abu Dhabi on review for downgrade. The Company and the Emirate of Abu Dhabi have each been assigned ratings of AA by Standard & Poor’s Credit Market Services Europe Limited (**S&P**) and AA by Fitch Ratings Ltd (**Fitch**), each with stable outlook. The United Arab Emirates (the **UAE**) has been assigned a credit rating of Aa2 by Moody’s Singapore. Moody’s Singapore has placed the UAE on review for downgrade. Moody’s Singapore is not established in the European Union and has not applied for registration under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings assigned by Moody’s Singapore have been endorsed by Moody’s in accordance with the CRA Regulation. Each of S&P, Moody’s and Fitch is established in the European Union (**EU**) and is registered under the CRA Regulation.

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**), or any U.S. state securities laws and the Notes may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons unless an exemption from the registration requirements of the Securities Act is available and the offer or sale is made in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S (**Regulation S**) under the Securities Act and within the United States only (i) to persons who are both “qualified institutional buyers” (**QIBs**) in reliance on Rule 144A (**Rule 144A**) under the Securities Act and “qualified purchasers” within the meaning of Section 2(a)(51)(A) of the United States Investment Company Act of 1940, as amended (the **Investment Company Act**), and the rules and regulations thereunder (each a **QP**) or (ii) to persons who are both “accredited investors” (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that are institutions (**Institutional Accredited Investors**) and who execute and deliver an IAI Investment Letter (as defined in “*Terms and Conditions of the Notes*”) in which they agree to purchase the Notes for their own account and not with a view to the distribution thereof and QPs. Neither the Issuer nor the Guarantor has registered and neither intends to register as an investment company

under the Investment Company Act, in reliance on the exemption provided by Section 3(c)(7) thereof. See “*Form of the Notes*” for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see “*Subscription and Sale and Transfer and Selling Restrictions*”.

Although the Issuer and the Guarantor will be a “covered fund” for purposes of the Volcker Rule, neither the Notes nor the Guarantees should constitute an “ownership interest” as that term is used in the Volcker Rule, in a covered fund. However, the general effects of the Volcker Rule remain uncertain and there can be no assurance that the features of the Notes will result in the Notes not being characterised as “ownership interests” in the Issuer or that the features of the Guarantees will result in the Guarantees not being characterised as “ownership interests” in the Guarantor. See “*Risk Factors -- The Issuer and the Guarantor will be a “covered fund” for purposes of the Volcker Rule, which could negatively affect the liquidity and the value of the Notes*”.

Arrangers and Dealers

BofA Merrill Lynch

**Crédit Agricole CIB
National Bank of Abu Dhabi**

Goldman Sachs International

Dealers

**BNP PARIBAS
MUFG**

First Gulf Bank

**J.P. Morgan
Société Générale Corporate & Investment Banking**

The date of this Base Prospectus is 29 April 2016.

This Base Prospectus comprises a base prospectus in respect of all Notes other than Exempt Notes issued under the Programme for the purposes of Article 5.4 of the Prospectus Directive. When used in this Base Prospectus, *Prospectus Directive* means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the European Economic Area.

The Issuer and the Guarantor accept responsibility for the information contained in this Base Prospectus and the Final Terms (or Pricing Supplement, as applicable) for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

In the case of a Tranche of Exempt Notes, each reference in this Base Prospectus to information being specified or identified in the applicable Final Terms shall, be read and construed as a reference to such information being specified or identified in the applicable Pricing Supplement, unless the context requires otherwise.

This Base Prospectus must be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.

Certain information under the headings “*Risk Factors*”, “*Overview of the UAE and Abu Dhabi*”, “*Relationship with the Government*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations of the Group*”, “*Description of the Group*” and “*Book-entry Clearance Systems*” has been extracted from the following public official sources:

- information provided by the Organisation of the Petroleum Exporting Countries (in the case of “*Risk Factors*”, “*Overview of the UAE and Abu Dhabi*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations of the Group*”);
- the International Monetary Fund (IMF) (in the case of “*Overview of the UAE and Abu Dhabi*”);
- Abu Dhabi National Oil Company (ADNOC) (in the case of “*Overview of the UAE and Abu Dhabi*”);
- Moody’s and Moody’s Singapore (as applicable) (in the case of “*Overview of the UAE and Abu Dhabi*”);
- publications of the UAE and Abu Dhabi governments, including the Abu Dhabi Statistics Centre and the UAE Federal Competitiveness and Statistics (formerly the National Bureau of Statistics) (in the case of “*Overview of the UAE and Abu Dhabi*”);

- publications of the Abu Dhabi government (in the case of “*Relationship with the Government*”); and
- the clearing systems referred to therein (in the case of “*Book-entry Clearance Systems*”).

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 the relevant sources referred to, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Programme. No Dealer accepts any liability in relation to the information contained in this Base Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Programme.

No person is or has been authorised by the Issuer or the Guarantor to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied 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, the Guarantor or any of the Dealers.

Neither this Base Prospectus 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, the Guarantor or any of the Dealers that any recipient of this Base Prospectus 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 the Guarantor. Neither this Base Prospectus 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 the Guarantor or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review the most recently published documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Notes.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantor and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly,

and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and the Netherlands), Japan, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Qatar (*Qatar*), Singapore and Hong Kong, see “*Subscription and Sale and Transfer and Selling Restrictions*”.

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area (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 of Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer, the Guarantor 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. None of the Issuer, the Guarantor or 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, the Guarantor or any Dealer to publish or supplement a prospectus for such offer.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

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

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

In making an investment decision, investors must rely on their own independent examination of the Issuer and the Guarantor and the terms of the Notes being offered, including the merits and risks involved. None of the Dealers, the Issuer or the Guarantor makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

U.S. INFORMATION

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

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 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, as amended (the Code) and the U.S. Treasury regulations promulgated thereunder.

Registered Notes may only be offered or sold in the United States or to U.S. persons in private transactions: (i) to persons who are both QIBs and QPs, in either case in transactions exempt from registration under the Securities Act in reliance on Rule 144A; or (ii) to persons who are both Institutional Accredited Investors and QPs; or (iii) to persons who are QPs pursuant to any other applicable exemption from registration under the Securities Act. Each subsequent U.S. purchaser of Registered Notes sold under (i) above is hereby notified that the offer and sale of any Registered Notes to it may be made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A. Purchasers of Notes sold under (ii) above will be required to execute and deliver an IAI Investment Letter.

Each purchaser or holder of Definitive IAI Registered Notes, Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together, *Legended Notes*) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in “*Subscription and Sale and Transfer and Selling Restrictions*”. Unless otherwise stated, terms used in this paragraph have the meanings given to them in “*Form of the Notes*”.

The Notes 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 Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Base Prospectus. Any representation to the contrary is unlawful.

VOLCKER RULE

Under Section 619 of the U.S. Dodd-Frank Act and the corresponding implementing rules (the *Volcker Rule*) relevant banking entities (as defined under the Volcker Rule) are generally prohibited from, among other things, acquiring or retaining any ownership interest in, or acting as sponsor in respect of, certain investment entities referred to as covered funds. In addition, in certain circumstances, the Volcker Rule restricts relevant banking entities from entering into certain credit exposure related transactions with covered funds. In general, there is limited interpretive guidance regarding the Volcker Rule.

Key terms are widely defined under the Volcker Rule, including “banking entity”, “ownership interest”, “sponsor” and “covered fund”. In particular, “banking entity” is defined to include certain non-U.S. affiliates of U.S. banking entities and “covered fund” is defined to include an issuer that would be an investment company, as defined in the U.S. Investment Company Act of 1940 but for section 3(c)(1) or 3(c)(7), which would extend to the Issuer and Guarantor given their intention to rely on section 3(c)(7). It should also be noted that an “ownership interest” is broadly defined and may arise through a holder’s exposure to the profit and losses of a covered fund as well as through any right of the holders to participate in the selection of an investment advisor, manager or board of directors of the covered fund. However, neither the Notes nor the Guarantees should constitute an “ownership interest” as that term is used in the Volcker Rule, in a covered fund. However, the general effects of the Volcker Rule remain uncertain and there can be no assurance that the features of the Notes will result in the Notes not being characterised as “ownership interests” in the Issuer or that the features of the Guarantees will result in the Guarantees not being characterized as “ownership interests” in the Guarantor.

Each investor is responsible for analysing its own position under the Volcker Rule and any similar measures and none of the Issuer, the Company, the Arrangers or the Dealers makes any representation regarding such position, including with respect to the ability of any investor to acquire or hold the Notes, now or at any time in the future. See “Risk Factors - Regulatory Risks - The Issuer and the Guarantor will be a “covered fund” for purposes of the Volcker Rule, which could negatively affect the liquidity and the value of the Notes”.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are “restricted securities” within the meaning of the Securities Act, each of the Issuer and the Guarantor has undertaken in a deed poll dated 29 April 2016 (the **Deed Poll**) to 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 him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as “restricted securities” within the meaning of Rule 144(a)(3) of the Securities Act and each of the Issuer and the Guarantor is neither a reporting company under 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 Netherlands. 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 Netherlands upon the Issuer or to enforce judgments against it obtained in courts outside the Netherlands predicated upon civil liabilities of the Issuer under laws other than Dutch law, including any judgment predicated upon United States federal securities laws or the securities laws of any state or territory within the United States.

The Guarantor is a public joint stock company organised under the laws of the UAE. A substantial portion of the assets of the Guarantor are located outside the United States. As a result, it may not be possible for

investors to effect service of process outside the UAE upon the Guarantor, or to enforce judgments against it obtained in courts outside the UAE predicated upon civil liabilities of the Guarantor under laws other than UAE law, including any judgment predicated upon the civil liability provisions of the securities laws of the United States or the securities laws of 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. In addition, actions in respect of the Notes and the Guarantee may be brought in the English courts at the option of any Noteholder.

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 and the Guarantee. Investors may have difficulties in enforcing any English judgments or arbitration awards against the Issuer or the Guarantor in the courts of Abu Dhabi, see *“Risk Factors—Factors which are Material for the Purpose of Assessing the Market Risks Associated with Notes Issued under the Programme—Risks Relating to Enforcement”*.

NOTICE TO THE RESIDENTS OF THE KINGDOM OF BAHRAIN

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

This Base Prospectus does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Base Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Notes may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside the Kingdom of Bahrain.

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

NOTICE TO THE RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

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

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

NOTICE TO THE RESIDENTS OF THE STATE OF QATAR

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

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Introduction

Unless otherwise indicated, the statement of financial position, statement of comprehensive income and cash flow financial information included in this document relating to the Guarantor, its consolidated subsidiaries, jointly-controlled assets and equity accounted investees (together, the **Group**) has been derived from the audited consolidated financial statements of the Group as at and for the financial years ended 31 December 2015 (the **2015 Financial Statements**) and 31 December 2014 (including the comparative information as at and for the financial year ended 31 December 2013) (the **2014 Financial Statements** and, together with the 2015 Financial Statements, the **Financial Statements**), each of which is incorporated by reference in this document. Unless otherwise indicated, the financial information presented herein has been prepared in accordance with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board.

Auditors and unaudited information

The Financial Statements have been audited by Deloitte & Touche (M.E.), independent auditors (the **Auditors**), in accordance with International Standards on Auditing, who have issued unqualified reports on the Financial Statements.

The Group publishes audited consolidated financial statements on an annual basis and unaudited consolidated interim financial information for the first six months of each year. When published, these financial statements are also posted on the Company's website (www.mubadala.ae). Except for the information specifically incorporated by reference in this document, the information provided on such website is not part of this document and is not incorporated by reference in it.

Certain defined terms and conventions

The Group's financial year ends on 31 December, and references in this document to any specific year are to the 12-month period ended on 31 December of such year.

The following terms as used in this document have the meanings defined below:

- references to **Abu Dhabi** are to the Emirate of Abu Dhabi;
- references to the **Government** are to the government of Abu Dhabi; and
- references to **capital contributions** made by the Government to the Company include share capital, application for share capital, monetary Government grants for investment in other business enterprises and additional shareholder contributions principally in the form of subordinated interest-free loans without repayment requirements (although they may be repaid at the option of the Company).

References in this document to one gender include the other except where the context does not permit. References to a **billion** are to a thousand million.

Currencies

All references in this document 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;

- **dirham** and **AED** refer to United Arab Emirates dirham, being the legal currency for the time being of the UAE;
- **Sterling** and **£** refer to pounds sterling, being the legal currency for the time being of Great Britain;
- **CHF** refer to Swiss francs, being the legal currency for the time being of Switzerland;
- **SGD** refer to Singapore dollars, being the legal currency for the time being of Singapore; and
- **euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

The dirham has been pegged to the U.S. dollar since 22 November 1980. The mid point between the official buying and selling rates for the dirham is at a fixed rate of AED 3.6725 = U.S.\$1.00.

Rounding

Certain figures and percentages included in this document 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.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Base Prospectus may be deemed to be forward-looking statements. Forward-looking statements include statements concerning the Guarantor's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward-looking statements. When used in this document, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward-looking statements. These forward-looking statements are contained in the sections entitled "*Risk Factors*", "*Management's discussion and analysis of financial condition and results of operations of the Group*" and "*Description of the Group*" and other sections of this document. The Guarantor has based these forward-looking statements on the current view of its management with respect to future events and financial performance. Although the Guarantor believes that the expectations, estimates and projections reflected in its forward-looking statements are reasonable as at the date of this Base Prospectus, if one or more of the risks or uncertainties materialise, including those identified below or which the Guarantor has otherwise identified in this Base Prospectus, or if any of the Guarantor's underlying assumptions prove to be incomplete or inaccurate, the Guarantor's actual results of operation may vary from those expected, estimated or predicted.

The risks and uncertainties referred to above include:

- the Guarantor's ability to achieve and manage the growth of its business and to meet its investment objectives;
- the Guarantor's ability to realise the benefits it expects from existing and future projects and investments it is undertaking or plans to or may undertake;
- actions taken by the Guarantor's joint venture partners that may not be in accordance with its policies and objectives;
- changes in political, social, legal or economic conditions in the markets in which the Guarantor and its customers operate;
- the performance of the markets in which the Guarantor operates; and
- the Guarantor's ability to obtain external financing or maintain sufficient capital to fund its existing and future investments and projects.

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

Any forward-looking statements contained in this Base Prospectus speak only as at the date of this Base Prospectus. Without prejudice to any requirements under applicable laws and regulations, the Guarantor expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward-looking statements contained in it.

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) acting as the stabilisation manager(s) (or persons acting on behalf of any stabilisation manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the stabilisation manager(s) (or persons acting on behalf of a stabilisation manager) will undertake stabilisation action. Any stabilisation action or over-allotment 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 stabilisation manager(s) (or persons acting on behalf of any stabilisation manager(s)) in accordance with all applicable laws and rules.

TABLE OF CONTENTS

	<u>Page</u>
Risk Factors	13
Overview of the Programme	45
Documents Incorporated by Reference	52
Form of the Notes	54
Applicable Final Terms.....	58
Applicable Pricing Supplement	67
Terms and Conditions of the Notes.....	76
Use of Proceeds.....	113
Description of the Issuer	114
Overview of the UAE and Abu Dhabi	116
Relationship with the Government	122
Capitalisation of the Group.....	127
Selected Financial Information of the Group.....	128
Management’s Discussion and Analysis of Financial Condition and Results of Operations of the Group	132
Description of the Group	178
Management and Employees	207
Book-Entry Clearance Systems	216
Taxation	220
Certain ERISA Considerations	233
Subscription and Sale and Transfer and Selling Restrictions	235
General Information.....	248

RISK FACTORS

Each of the Issuer and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

If any of the risks described below actually materialise, the Issuer, the Guarantor and/or the Group's business, results of operations, financial condition and/or prospects could be materially adversely affected which, in turn, could adversely affect the Issuer's and the Guarantor's ability to make payments of principal and interest in respect of the Notes or payments under the Guarantee. If that were to happen, the trading price of the Notes could decline and investors could lose all or part of their investment.

Each of the Issuer and the Guarantor believes that the factors described below represent all the material risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantor based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

FACTORS THAT MAY AFFECT THE GUARANTOR'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE

Risks relating to the Group and its strategy

The Government's interests may, in certain circumstances, be different from the interests of the Noteholders

The Company was formed by the Government as a business development and investment company to lead the Government's development strategy described under "Relationship with the Government". In carrying out this mandate, the Group has made and intends to continue to make investments in a range of companies and joint ventures with the primary goal of achieving attractive financial returns and a secondary goal of contributing benefit to the economic and social fabric of Abu Dhabi and its nationals. As the Company's sole shareholder, the Government is in a position to control the outcome of actions requiring shareholders' approval and also has the ability to approve the election of all the members of the Company's board of directors (the **Board**) and thus influence Board decisions. The interests of the Government may be different from those of the Company's creditors (including the Noteholders). For example, decisions made by the Company's investment committee (the **Investment Committee**) and the Board may be influenced by the need to consider the social benefit of any investment to Abu Dhabi and its nationals or other factors. In the absence of any specific investment restrictions, including those aimed at avoiding concentrations in particular countries, regions or industrial sectors or designed to mitigate other potential investment risks, such decisions may prove to be more risky or less profitable than decisions that might otherwise have been made.

Since it was established, the Company has received from the Government significant grants of land, cash and other assets. These grants may be given subject to restrictions on their use and, except where the assets granted have been used by the Group in its business, may also be reclaimed by the Government. For this as well as other reasons, a significant part of the land granted to the Company by the Government is not yet recorded as an asset on the Group's statement of financial position. See note 36(a)(i) to the 2015 Financial Statements.

In addition, although the Company has not paid any dividends or repaid any additional shareholder contributions to the Government to date, there can be no assurance that dividends or repayments will not be paid or made in future years.

Potential investors should note that the Government does not guarantee the obligations of the Issuer or the Guarantor in respect of any Notes issued under the Programme and the Noteholders therefore do not benefit from any legally enforceable Government backing. In addition, the Government is not legally obliged to fund any of the Group's projects or investments and accordingly may not do so. See generally, "*Relationship with the Government*".

The Group may continue to have material funding requirements

Although the pace of the Group's growth has moderated in recent years, the Group anticipates that it will continue to incur capital and investment expenditure in future years and may have material funding needs in relation to particular projects or to refinance existing indebtedness. The Group intends to fund its future capital and investment expenditures and its financial obligations (including obligations to pay principal and interest on the Notes) through operating cash flow, borrowings from third parties (including by way of the issue of Notes under the Programme, through project financing and using committed funding lines), capital contributions from the Government and asset monetisations when appropriate opportunities arise and the divestment fits the Group's strategy. The availability of Group operating cash flow to the Company may, in certain cases, be limited. See "*— The availability of Group operating cash flow may be limited*".

Although, in the past, capital contributions from the Government have been a significant source of funding for the Group, the Company did not request additional shareholder contributions in 2015 and the Company expects that future capital and investment expenditure will largely be funded by operating cash flow, borrowing from third parties and selective asset monetisations.

The Group's ability to obtain external financing and the cost of such financing are dependent on numerous factors including general economic and market conditions, international interest rates, credit availability from banks or other lenders, investor confidence in the Group and the success of the Group's businesses. There can be no assurance that external financing, either on a short-term or long-term basis and whether to fund new projects or investments or to repay existing financing, will be available or, if available, that such financing will be obtainable on terms that are not onerous to the Group.

In the event that appropriate sources of financing are not available or are only available on onerous terms and the Company does not have sufficient operating cash flow or cash generated from asset monetisations or does not receive additional capital contributions from the Government, this could adversely affect the Group's business through increased borrowing costs and reductions in capital and investment expenditure. In addition, any affected member of the Group may be forced, amongst other measures, to do one or more of the following:

- delay or reduce capital expenditures;
- forgo business opportunities, including acquisitions and joint ventures;
- sell assets on less than optimal terms; or
- restructure or refinance all or a portion of its debt on or before maturity.

The Notes will be structurally subordinated to the claims of creditors of the Company's subsidiaries and incorporated joint ventures

The Company's subsidiaries and incorporated joint ventures have incurred indebtedness, and in the future will continue to incur indebtedness, in order to finance their operations. In the event of the insolvency of any of the subsidiaries or incorporated joint ventures of the Company, claims of secured and unsecured creditors of

such entity, including trade creditors, banks and other lenders, will have priority with respect to the assets of such entity over any claims that the Company or the creditors of the Company, as applicable, may have with respect to such assets. Accordingly, if the Company became insolvent at the same time, claims of the Noteholders against the Company in respect of any Notes would be structurally subordinated to the claims of all such creditors of the Company's subsidiaries and incorporated joint ventures. The Conditions of the Notes do not restrict the amount of indebtedness which the Group may incur including indebtedness of subsidiaries and joint ventures.

The Group depends on the skill and judgment of the members of its Investment Committee and Board for all of its major investment decisions

The Investment Committee is involved in the evaluation and endorsement for Board approval of all major investment decisions made by the Group and, subject to appropriate Board-delegated authority limits, in certain cases may approve investment decisions on its own behalf. The Group's success is thus dependent to a significant extent on the skill and judgment of the members of the Investment Committee and the Board.

Certain significant Group companies operate in specialised industries and are dependent on their ability to recruit and retain qualified executives, managers and skilled technical and service personnel and may be exposed to production disruptions caused by labour disputes

Certain significant Group companies, including in particular those operating in the semiconductor, oil and gas, and aerospace industries, are dependent on the continued services and contributions of their executive officers and skilled technical and other personnel. The businesses of those companies could be adversely affected if they lose the services and contributions of some of these personnel and are unable to adequately replace them, or if they suffer disruptions to their production operations arising from labour or industrial disputes. In addition, these Group companies may be required to increase or reduce the number of employees in connection with any business expansion or contraction, in accordance with market demand for their products and services. Since these Group companies face intense competition for the recruitment of their skilled personnel, they may not be able to fulfil their personnel requirements, or rehire such reduced personnel on comparable terms in a timely manner during an economic upturn.

The Group may not be able to manage its growth successfully

The Group has expanded rapidly since 2004, diversifying its activities and expanding its geographic scope. Although the pace of the Group's growth has moderated in recent years, the Group expects to continue to grow. Management of growth requires, among other things, the Group's continued application of stringent control over financial systems and operations, the continued development of management controls, the hiring and training of new personnel and continued access to funds to finance the growth. It also may increase costs, including the cost of recruiting, training and retaining a sufficient number of professionals and the cost of compliance arising from exposure to additional activities and jurisdictions.

These challenges will increase if the Group continues to expand into new businesses and jurisdictions. As the Group expands its operations, it may become subject to legal uncertainties or regulations to which it is not currently subject or from which it is currently exempt, which may lead to greater exposure to risk or higher compliance costs. The Group's growth may also lead to organisational and cultural challenges as it strives to integrate its newly acquired businesses, including ensuring that adequate controls and supervisory procedures are in place. Furthermore, because members of the Group hold minority investments in a number of privately held companies, the Group may face additional challenges in maintaining an overall system of internal controls which allows management to monitor the Group's investments regularly and effectively. There can be no assurance that the Group's existing systems and resources will be adequate to support the growth of its operations. Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either the Issuer or the Group will be unable to comply with any obligations it may have as a company with securities admitted to the Official List.

The Group may choose to pursue investment opportunities in countries in which it has no previous investment experience including in markets that have greater social, economic and political risks

To the extent that the Group undertakes projects and makes investments in countries in which it has little or no previous investment experience, the Group may not be able to assess the risks of investing in such countries adequately, or may be unfamiliar with the laws and regulations of such countries governing the Group's projects and investments. The Group cannot guarantee that its strategy will be successful in such markets. The projects and investments that the Group makes in those countries could lose some or all of their value and may generate returns that are substantially lower than those experienced by the Group through other projects and investments.

In addition, investments made by the Group in emerging market securities involve a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, emerging market securities investments may carry the risk of less publicly available information, more volatile markets, less sophisticated securities market regulation, less favourable tax provisions, less stable or predictable legal systems and a greater likelihood of severe inflation, unstable currency, corruption, war and expropriation of personal property than investments in securities of issuers based in developed countries. In addition, investment opportunities in certain emerging markets may be restricted by legal limits on foreign investment in local securities.

The Group is subject to a range of financial risks

The Group is exposed to a range of financial risks including, in particular, the risk of losses arising as a result of adverse changes in equity prices, foreign exchange rates, interest rates and commodity prices.

For example, principally as a result of volatility in stock market valuations, the Group experienced significant changes on a net basis in the fair value of its fair value through profit and loss (FVTPL) investments and available for sale financial assets in each of 2015, 2014 and 2013 and these changes have also materially impacted its results of operations in each year. See "*Management's discussion and analysis of financial condition and results of operations of the Group—Results of operations—Comparison of 2015 and 2014—Income from financial investments (net)*" (in relation to FVTPL investments) and "*Management's discussion and analysis of financial condition and results of operations of the Group—Results of operations—Comparison of 2015 and 2014—Other comprehensive loss*" (in relation to available for sale financial assets) and the equivalent sections in "*Management's discussion and analysis of financial condition and results of operations of the Group—Results of operations—Comparison of 2014 and 2013*". The Group has also, in the past, recorded significant impairments against its available for sale financial assets, principally as a result of declining stock market valuations. The Group may record significant losses (including impairment losses) in future periods should conditions similar to those described above recur or continue.

The Group's principal foreign currency risks are its exposure to the effect of movements in the euro – dirham and Swiss franc – dirham exchange rates on certain of its borrowings and investments. The Group's principal interest rate risk is its exposure to the effect of increases in interest rates on its variable rate interest bearing financial liabilities. The Group's principal commodity price exposures are to changes in the price of the hydrocarbons which it produces and sells, the aluminium produced by Emirates Global Aluminium PJSC (EGA), the iron ore shipped through the recently completed port in Rio De Janeiro state, Brazil in which the Group holds a significant minority stake and the copper mined by Matsa Holding 2 S.L.U. (Matsa).

In addition, the Group is subject to a range of credit risks and to liquidity risk. See generally "*Management's discussion and analysis of financial condition and results of operations of the Group—Disclosures about risk*".

The Group is also exposed to the risk of losses arising through securities short selling activities, as further described in note 27 to the 2015 Financial Statements.

The availability of Group operating cash flow may be limited

The Company conducts its operations principally through, and derives all of its revenues from, its subsidiaries and joint ventures (whether incorporated in the form of jointly controlled entities or unincorporated in the form of joint operations) and it does not anticipate that this will change in the near future. Most of the Group's indebtedness has been incurred by the Company's subsidiaries and joint ventures. Such indebtedness, in certain cases, contains covenants which prevent or restrict distributions to the Company until such time as the relevant indebtedness has been repaid. The ability of the subsidiaries and joint ventures to pay dividends or make other distributions or payments to the Company will be subject to the availability of profits or funds for the purpose which, in turn, will depend on the future performance of the entity concerned which, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that may be beyond its control. In addition, any such entity may be subject to restrictions on the making of such distributions contained in applicable laws and regulations. There can be no assurance that the Group's individual businesses will generate sufficient cash flow from operations or that alternative sources of financing will be available at any time in an amount sufficient to enable these businesses to service their indebtedness, to fund their other liquidity needs and to make payments to the Company to enable it to service its indebtedness.

The terms of the indebtedness of certain members of the Group contain financial and operating covenants, which may limit the Group's operating flexibility

Certain Group companies (including the Company) have significant indebtedness outstanding and the terms of the indebtedness of certain members of the Group contain financial and operating covenants.

If any Group company were to fail to satisfy any of its debt service obligations or to breach any related financial or operating covenants, the lender could declare the full amount of the indebtedness to be immediately due and payable and could foreclose on any assets pledged as collateral. In the case of borrowings by the Group's joint ventures, this failure could arise through actions taken by one or more of the Group's joint venture partners. As a result, any default under any indebtedness to which a Group company is party could result in a substantial loss to the Group.

The Company's credit ratings may change and any ratings downgrade could adversely affect the value of Notes issued under the Programme

The Company has a rating of Aa2 (under review for possible downgrade) from Moody's Singapore, AA with a stable outlook from S&P and AA with a stable outlook from Fitch. All three ratings match those given to Abu Dhabi by the respective rating agencies, although the rating of Abu Dhabi from Moody's Investors Service Ltd. (**Moody's**) is on an unsolicited basis.

The Company cannot be certain that a credit rating will remain for any given period of time or that a credit rating will not be downgraded or withdrawn entirely by the relevant rating agency if, in its judgment, circumstances in the future so warrant.

In March 2016, Moody's Singapore placed its rating of the Company on review for a possible downgrade, matching the action taken by Moody's in respect of Abu Dhabi. Any future downgrade or withdrawal at any time of a credit rating assigned to the Company or Abu Dhabi by any rating agency could have a material adverse effect on the Group's cost of borrowing and could limit its access to debt capital markets. A downgrade may also adversely affect the market price of Notes issued under the Programme and cause trading in such Notes to be volatile.

The Group's international activities increase the compliance risks associated with economic and trade sanctions imposed by the United States, the European Union and other jurisdictions

European, U.S. and other international sanctions have in the past been imposed on companies engaging in certain types of transactions with specified countries or companies or individuals in those countries. Companies

operating or investing in certain countries in the Middle East and Africa have been subject to such sanctions in the past. The terms of legislation and other rules and regulations which establish sanctions regimes are often broad in scope and difficult to interpret. Neither the Group nor any of its affiliates is currently the target of any such sanctions and the Group has adopted policies and procedures designed to comply with applicable sanction regulations.

The Office of Foreign Assets Control of the U.S. Department of Treasury (**OFAC**) as well as other departments of the United States government administer regulations that restrict the ability of U.S. persons to invest in, or otherwise engage in business with, certain countries and specially designated nationals (together **Sanction Targets**). As the Group is not a Sanction Target, OFAC regulations do not prohibit U.S. persons from investing in, or otherwise engaging in business with the Group. However, to the extent that the Group invests in, or otherwise engages in business with, Sanction Targets, U.S. persons investing in the Group, including through the purchase of securities issued or guaranteed by the Group, may incur the risk of indirect contact with Sanction Targets.

Risks relating to the Group's investment activities generally

*Since the Company began operations in 2002, the Group has undertaken and is undertaking a number of significant projects including the Dolphin Project, the construction, operation and expansion of a greenfield aluminium smelter), a major iron ore port terminal, the Masdar Project described under "Description of the Group—Global platforms—Energy global platform—The Masdar Project", a number of real estate projects, a number of university campus development projects on a public private partnership (**PPP**) basis and the construction or expansion of several semiconductor fabrication facilities (known as **fabs**). Fab expansion and construction projects are highly complex. In undertaking these and other projects, the Group is exposed to a number of risks, certain of which are summarised below. The realisation of any of the risks described below could have a material adverse impact on the Issuer's and the Guarantor's ability to fulfil their respective obligations in respect of any Notes.*

Significant acquisitions could prove to be costly in terms of the Group's time and resources and may impose post-acquisition integration risks and businesses may be loss making when acquired which may adversely affect the Group's results of operations and increase its funding requirements

As part of its or its shareholder's strategy, the Group may from time to time make substantial acquisitions or obtain a controlling interest in other enterprises. For example, in recent years the Company has acquired certain assets and operations of the Microelectronic Division of International Business Machines Corporation (**IBM** and the **IBM MD business**, respectively) and significant stakes in a major iron ore port terminal in Rio de Janeiro state, Brazil and several copper mines in Spain. This, and any other significant acquisitions the Group may make in the future, expose the Group to numerous risks including:

- diversion of management attention and financial resources that would otherwise be available for the ongoing development or expansion of existing operations;
- unexpected losses of key employees, customers and suppliers of the acquired operations;
- difficulties in integrating the financial, technological and management standards, processes, procedures and controls of the acquired business with those of the Group's existing operations;
- challenges in managing the increased scope, geographic diversity and complexity of the Group's operations;
- difficulties in obtaining any financing necessary to support the growth of the acquired businesses; and
- exposure to unanticipated liabilities and/or difficulties in mitigating contingent and/or assumed liabilities.

In addition, acquired businesses may be loss making when acquired and/or may have significant accumulated deficits which may limit their ability to pay dividends to the Company until they develop distributable reserves. Unless and until any such businesses become profitable, this may also significantly adversely affect the Group's results of operations in periods after the acquisition is effective and may increase the Group's funding requirements.

The Group may invest in joint ventures and companies that the Group does not control or over which it only has joint control and this could expose the Group to additional risks

The Group currently invests in, and expects to make additional investments in, joint ventures and companies that it does not control or over which it only has joint control. The Group also currently holds significant minority investments in public and non-public companies and may in the future also dispose of investments over time in a manner that results in it retaining only a minority interest.

Investments in which the Group has joint control with third parties are subject to the risk that the other shareholders of the company in which the investment is made, who may have different business or investment objectives, may have the ability to block business, financial or management decisions which the Group believes are crucial to the success of the project or investment concerned, or work in concert to implement initiatives which may be contrary to the Group's interests. In addition, the Group's joint venture partners may be unable or unwilling to fulfil their obligations under the relevant joint venture or other agreements or may experience financial or other difficulties that may adversely impact the Group's investment. In many of its joint ventures, the Group is reliant on the particular expertise of its joint venture partners and any failure by any such partner to perform its obligations in a diligent manner could also adversely impact the Group's investment. The Group can give no assurance as to the performance of any of its joint venture partners.

Investments in which the Group only has a minority interest are subject to the risk that the company in which the investment is made may make business, financial or management decisions with which the Group does not agree or that the majority shareholders or the management of the company may take risks or otherwise act in a manner that does not serve the Group's interests. The Group's equity investments in such companies may also be diluted if it does not partake in future equity or equity-linked fundraising opportunities.

Implementing projects is inherently risky

When undertaking a new project, the Group faces a number of risks, including:

- requirements to make significant capital expenditures without receiving cash flow from the project concerned until future periods;
- possible shortage of available cash to fund construction and capital improvements and the related possibility that financing for such construction and capital improvements may not be available to the Group on suitable terms or at all;
- delays in obtaining, or a failure to obtain, all necessary governmental and regulatory permits, approvals and authorisations;
- uncertainties as to market demand or a decline in market demand for the products or services to be generated by the project after construction has begun;
- an inability to complete projects on schedule or within budgeted amounts;
- methodological errors or erroneous assumptions in the financial models used by the Group to make investment decisions; and

- fluctuations in demand for the products or services produced by the project due to a number of factors, including market and economic conditions and competition from third parties, that may result in the Group's investment not being profitable or not generating the originally anticipated level of cash flows.

There can be no assurance that the Group's current or future projects will be completed in the anticipated timeframe or at all, whether as a result of the factors specified above or for any other reason.

The Group's ongoing projects, including certain projects undertaken by Masdar, EGA and Al Yah Satellite Communications Corporation PJSC (**Yahsat**), are also exposed to a number of construction risks, including the following:

- major design and/or construction changes, whether caused by changes in technological demand, market conditions or other factors;
- an inability to find a suitable contractor either at the commencement of a project or following a default by an appointed contractor;
- default or failure by the Group's contractors to finish projects on time and within budget;
- disruption in service and access to third parties;
- delays arising from shortages and long lead times for the delivery of complex plant and equipment or defective materials;
- shortages of materials, equipment and labour, adverse weather conditions, natural disasters, labour disputes, disputes with sub-contractors, accidents, changes in governmental priorities and other unforeseen circumstances; and
- escalating costs of construction materials and global commodity prices.

Moreover, continued growth through new projects and initiatives may also divert management's capacity to deal with existing projects. Any of these factors could materially delay the completion of a project or materially increase the costs associated with a project.

The due diligence process that the Group undertakes in connection with new projects and investments may not reveal all relevant facts

Before implementing a new project or making a new investment, the Group conducts due diligence to the extent it deems reasonable and appropriate based on the applicable facts and circumstances. The objective of the due diligence process is to identify attractive investment opportunities and to prepare a framework that may be used from the date of investment to drive operational performance and value creation. When conducting due diligence, the Group evaluates a number of important business, financial, tax, accounting, regulatory, environmental and legal issues in determining whether or not to proceed with a project or an investment. Outside consultants, including legal advisers, accountants, investment banks and industry experts, are involved in the due diligence process in varying degrees depending on the type of project or investment. Nevertheless, when conducting due diligence and making an assessment regarding a project or an investment, the Group can only rely on resources available to it, including information provided by the target of the investment where relevant and, in some circumstances, third party investigations. In some cases, information cannot be verified by reference to the underlying sources to the same extent as the Group could for information produced from its own internal sources. The due diligence process may at times be subjective and the Group can offer no assurance that any due diligence investigation it carries out with respect to any project or investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such opportunity. Any failure by the Group to identify relevant facts through the due diligence process may mean that projected rates

of return and other relevant factors considered by the Group in making investment decisions prove to be significantly inaccurate over time.

The value of the Group's available for sale and FVTPL financial assets may be affected by factors beyond the Group's control and certain of the Group's available for sale and FVTPL financial assets may be difficult to sell and these factors may adversely affect the Group's ability to generate liquidity from the sale of such assets

The Group currently holds certain investments in public and non-public companies which are treated in its financial statements as available for sale financial assets or as FVTPL financial assets and accordingly are held at fair value on its statement of financial position and revalued on each reporting date. As at 31 December 2015, 11.6 per cent. of the Group's total assets were available for sale or FVTPL financial assets. The value of the Group's available for sale and FVTPL financial assets may be volatile and is likely to fluctuate due to a number of factors beyond the Group's control, including actual or anticipated fluctuations in the interim and annual results of the relevant companies and other companies in the industries in which they operate, market perceptions concerning the availability of additional securities for sale, general economic, social or political developments, changes in industry conditions, changes in government regulation, shortfalls in operating results from levels forecast by securities analysts, the general state of the securities markets and other material events, such as significant management changes, refinancings, acquisitions, dispositions and restructurings.

In addition, approximately 40.7 per cent. of the Group's available for sale and FVTPL financial assets are in companies which are not quoted on a recognised stock exchange and the Group expects to continue to make such investments. Because these investments are not traded on a public market, it is difficult to determine accurately the fair value of such investments and it may be difficult to sell these investments if the need arises or if the Group determines such sale would be in its best interests. Even if the Group is able to sell these unlisted investments, the value received on such sale may not reflect the value at which they are held on the Group's statement of financial position and accordingly any such sale could result in losses.

The Group's available for sale and FVTPL financial assets also include equity investments in publicly traded companies and the Group expects to continue to invest in publicly traded securities. Because these investments typically represent substantial holdings, it may be difficult for the Group to liquidate its position without materially adversely affecting the trading price of the relevant securities. Accordingly, the value the Group could obtain on a sale of its publicly traded securities could be substantially less than the value at which they were previously recorded. As a result, if the Group is required to liquidate all or a portion of such investments quickly, it could realise a significant loss on the value of its investment.

Significant management judgments are involved in the preparation of the Group's consolidated financial statements for any period

The preparation of the Group's consolidated financial statements requires management to make certain significant estimates and judgments, the most significant of which relate to:

- the determination of the fair values of the Group's financial investments, particularly in cases where no reliable measure of fair value is available;
- the estimation of impairment losses and any reversals of impairment losses, in particular in its equity accounted investees, available for sale investments which are not publicly traded, its property, plant and equipment, its intangible assets and its trade and other receivables;
- the determination as to whether or not a land parcel granted to it by the Government should be recognised as an asset on the statement of financial position and, to the extent that any such parcel is recognised as investment property, the determination of the fair value of that investment property;

- the estimation of oil and gas reserves which has a significant effect on the Group's depreciation charge;
- the determination of taxable income for financial reporting purposes;
- the determination of the fair value of the assets and liabilities acquired in business combinations, which requires judgment by management and often involves the use of significant estimates and assumptions, including assumptions relating to future cash inflows and outflows, discount rates, useful lives of licences and other assets and market multiples;
- the determination of the estimated useful lives of property, plant and equipment for calculating depreciation which requires an assessment of its current usage and physical wear and tear;
- in relation to its service concession arrangements, the determination as to whether the service concession is on a financial asset basis or an intangible asset basis;
- the uncertainties inherent in estimating decommissioning and other environmental liabilities and the judgments relating to the likely costs involved and the timing of these costs; and
- the determination of which entities should be consolidated in the Group's financial statements and the extent of such consolidation.

See “*Management's discussion and analysis of financial condition and results of operations of the Group—Critical accounting judgments and key sources of estimation uncertainty*”.

The exercise of these judgments may have a material effect on the Group's results of operations as presented in its consolidated financial statements and the results of operations so presented could be materially different from those which would have been presented if different assumptions and/or estimates had been used. In addition, there can be no assurance that any assumptions made by management will necessarily prove to have been accurate predictions of future events.

Risks relating to the Group's semiconductor manufacturing business

All of the Group's revenue from its semiconductor manufacturing business is derived from GLOBALFOUNDRIES Inc. (together with its group companies, GLOBALFOUNDRIES), which is a leading semiconductor manufacturing group and is wholly-owned by the Group. In 2015, 2014 and 2013, the Group's revenue from the sale of semiconductor wafers accounted for 54.1 per cent., 48.9 per cent. and 48.7 per cent, respectively, of the Group's total revenue from the sale of goods and services. Accordingly, the Group expects to be significantly exposed to risks relating to the semiconductor manufacturing industry in future periods.

GLOBALFOUNDRIES' business requires significant investment and if it cannot generate sufficient revenue and operating cash flow or obtain external or intra-Group financing, it may face a cash shortfall and be unable to make all of its planned investments in new capacity, research and development or other strategic investments

GLOBALFOUNDRIES' business requires significant investment. If GLOBALFOUNDRIES fails to fund all of its required investments as and when needed in the future, it may not succeed in remaining competitive and may not fulfil on a timely basis its obligations to certain strategic customers on their advanced node products.

In addition to the financial support provided by the Group, GLOBALFOUNDRIES also currently relies on cash flow from operations, subsidies from governments in the countries or states in which it has manufacturing facilities and bank debt to fund its capital investments. The Group has no contractual obligation to provide funding to GLOBALFOUNDRIES. Should the Group significantly reduce the funding provided to

GLOBALFOUNDRIES in future years, GLOBALFOUNDRIES will need to rely more heavily on these alternative sources of funding. Any failure to secure sufficient funding could negatively impact GLOBALFOUNDRIES' expansion plans, its ability to fund research and development expenditures and its ability to match the capital spending of its competitors in leading edge technology nodes. See also "*—The semiconductor foundry industry is highly competitive and that may cause GLOBALFOUNDRIES to lose market share and may adversely affect the Group's semiconductor business*" and "*—If GLOBALFOUNDRIES is unable to remain a technological leader in the semiconductor industry, it may become less competitive*".

Since GLOBALFOUNDRIES is dependent on the cyclical semiconductor industry, which has experienced significant and sometimes prolonged periods of downturns and overcapacity, its results of operations may fluctuate significantly

The global semiconductor foundry industry has historically been cyclical due to the relationship between supply and demand and the time required to implement new capacity. Manufacturing capacity is a key determinant of semiconductor supply, and historically there have been fluctuations between periods of capacity additions and periods during which little or no capacity is added, resulting in price increases during periods of insufficient supply. Given the time lag for implementing planned capacity, there can be periods of overcapacity which can impact prices and, accordingly, margins for the semiconductor products that GLOBALFOUNDRIES manufactures. The difficulty in reducing GLOBALFOUNDRIES' costs during such periods is increased due to its high fixed costs relating to equipment purchases, which result in correspondingly high levels of depreciation expense.

GLOBALFOUNDRIES' semiconductor foundry business is affected by market conditions in the industries in which semiconductors are used extensively and most of its customers operate in these industries. Variations in order levels from its customers can result in significant volatility in GLOBALFOUNDRIES' results of operations. From time to time, the semiconductor industry has experienced significant, and sometimes prolonged, periods of downturn and overcapacity, frequently following periods of significant expansion. Any systemic or prolonged economic or financial crisis could also create significant volatility and uncertainty within the semiconductor industry as global demand for products containing semiconductors more generally is adversely affected. The nature, extent and scope of periods of downturns and overcapacity may vary significantly. In addition, the historical and current trend of declining average selling prices for products that contain semiconductors also places downward pressure on the prices of semiconductors. If GLOBALFOUNDRIES cannot take appropriate actions, such as reducing its costs to sufficiently offset decreased prices, the Group's semiconductor business will be adversely affected during those periods.

A significant portion of GLOBALFOUNDRIES' net revenue comes from a relatively limited number of customers, and the loss of or any material decline in revenue from, any of these customers could have an adverse impact on its business and results of operations. If GLOBALFOUNDRIES is unable to diversify its customer base, its net revenue and growth prospects may be limited

Although GLOBALFOUNDRIES has more than 250 customers, its top five customers represented approximately 60 per cent. of its net revenue in 2015.

The microprocessor and graphics processor businesses are cyclical and extremely competitive, and GLOBALFOUNDRIES's significant customers may experience high levels of volatility in their demand and market position. For example, in 2015, Advanced Micro Devices Inc. (AMD), which until recently was GLOBALFOUNDRIES's largest customer based on a wafer supply agreement (the **Wafer Supply Agreement**) continued to experience a deterioration in its market position and a decline in its annual revenue. The Wafer Supply Agreement, among other things, sets forth the terms and conditions under which AMD will purchase certain microprocessor and graphics processor products from GLOBALFOUNDRIES for a ten-year period expiring in 2019 (which may be extended to a 15-year period under certain circumstances). If AMD fails to strengthen its market position, including by successfully developing and marketing new products to its customers, or if it becomes unable or otherwise fails to meet its payment or sourcing obligations under the

Wafer Supply Agreement, and if GLOBALFOUNDRIES is unable to replace AMD's anticipated order volumes with volumes from other customers, the Group's semiconductor business could be materially adversely affected.

GLOBALFOUNDRIES expects that the identity of its most significant customers will change from time to time due to the cyclical nature of the markets. Nonetheless, GLOBALFOUNDRIES expects to remain dependent on a limited number of customers for its advanced node products for a significant proportion of its accounts receivable and net revenue. As is customary in the semiconductor industry, GLOBALFOUNDRIES' key customers may also be concentrated in particular end markets that could increase GLOBALFOUNDRIES' exposure to any volatility in those markets. If any of its key customers are significantly adversely affected by global economic conditions or otherwise, GLOBALFOUNDRIES' credit risk could increase materially. Additionally, if any of its significant customers fails to successfully develop or market new products to its customers or decides to shift all or a portion of its business to other semiconductor foundries, and those customers are not replaced by other significant customers, this could have a material adverse effect on the Group's semiconductor business.

GLOBALFOUNDRIES' reliance on a limited number of large customers makes it vulnerable to customer concentration. For example two of its customers, NXP Semiconductors NV and Freescale Semiconductor Ltd., have recently merged. The larger resulting company may be able to exert greater pricing pressure on GLOBALFOUNDRIES and other similar foundries, particularly at times when there is excess capacity or reduced demand for GLOBALFOUNDRIES' products.

GLOBALFOUNDRIES' future success also depends on its ability to engage with new customers and convince existing companies to use it to manufacture their leading edge products. If GLOBALFOUNDRIES is not successful in diversifying its customer base in these ways, its net revenue will continue to come from a relatively limited number of customers.

GLOBALFOUNDRIES may experience difficulty in achieving acceptable manufacturing yields, product performance and product delivery times as a result of manufacturing problems which could materially adversely affect the Group's semiconductor business

The process technology for the manufacture of semiconductor wafers is highly complex, requires advanced and costly equipment and is continuously being modified in order to improve manufacturing yields (measured as the proportion of usable manufactured devices on a wafer) and product performance. Microscopic impurities such as dust and other contaminants, difficulties in the production process, complexities in transitioning to new process technologies, disruptions in the supply of utilities or defects in the key materials and tools used to manufacture wafers can cause a percentage of the wafers to be rejected or individual semiconductors on specific wafers to be non-functional, thereby negatively affecting manufacturing yields, increasing GLOBALFOUNDRIES' costs and potentially impacting its ability to deliver product to its customers.

GLOBALFOUNDRIES has, at times, experienced production difficulties, particularly when implementing leading-edge process technologies, that have caused delivery delays and lower than expected yields. GLOBALFOUNDRIES' yields directly affect its ability to retain customers as well as the cost, and therefore price, of GLOBALFOUNDRIES' services.

Some of the process technologies that are used in GLOBALFOUNDRIES' more advanced fabs arise from technology alliances with third parties. Any problems with delivery under any of its technology alliances, or any challenges at GLOBALFOUNDRIES' fabs, including lower than expected manufacturing yields, could have a material adverse effect on the Group's semiconductor business.

The semiconductor foundry industry is highly competitive and that may cause GLOBALFOUNDRIES to lose market share and may adversely affect the Group's semiconductor business

The worldwide semiconductor foundry industry is highly competitive. GLOBALFOUNDRIES competes with other dedicated foundry service providers, such as Taiwan Semiconductor Manufacturing Company

Limited and United Microelectronics Corporation, as well as with certain integrated device manufacturers who offer foundry services, such as Intel and Samsung. New entrants and consolidations in the foundry business may initiate a trend of competitive pricing and create potential overcapacity in legacy technology. Some of GLOBALFOUNDRIES' competitors may have substantially greater production, research and development, marketing and other resources than GLOBALFOUNDRIES. As a result, some of GLOBALFOUNDRIES' competitors may be able to compete more aggressively over a longer period of time than GLOBALFOUNDRIES. These capabilities have in the past resulted in, and may in the future result in, lower unit sales and average selling prices for GLOBALFOUNDRIES' products and adversely affect its margins and profitability.

The principal elements of competition in the semiconductor foundry market include:

- scale and the ability to access capital to fund future growth, see “—*GLOBALFOUNDRIES' business requires significant capital investment and if it cannot generate sufficient revenue and operating cash flow or obtain external or intra-Group financing, it may face a cash shortfall and be unable to make all of its planned investments in new capacity, research and development or other strategic investments*”;
- the ability to maintain technological leadership, see “—*If GLOBALFOUNDRIES is unable to remain a technological leader in the semiconductor industry, it may become less competitive*”
- the ability to maximise manufacturing yields and, based on market demand, to optimise the technology mix of semiconductor wafer production;
- capacity utilisation, being the number of wafers processed at a fab in relation to the total number of wafers the fab has the capacity to produce, which has recently become an issue at the Group's fabs in Germany as capacity for 28 nanometer (**nm**) wafers has increased;
- price;
- the ability to supply desired products at particular process technology nodes and wafer sizes;
- product quality;
- cycle time, which is the time it takes from wafer start to wafer out;
- research and development quality, number and nature of strategic development alliances and access to relevant intellectual property, see “—*GLOBALFOUNDRIES' business success depends in part on its ability to protect its proprietary technologies with intellectual property rights, and on its ability to avoid violating the intellectual property rights of third parties*”;
- technical competence, including design enablement; and
- customer service and management expertise.

GLOBALFOUNDRIES' ability to compete successfully also depends on factors partially outside its control, including industry and general macroeconomic trends.

If GLOBALFOUNDRIES is unable to remain a technological leader in the semiconductor industry, it may become less competitive

Historically, GLOBALFOUNDRIES has concentrated on maintaining its competitive position through research and development alliances with other companies. Since GLOBALFOUNDRIES' acquisition of the IBM MD business in July 2015, it has increased its focus on in-house research and development, although it

continues to spend significantly less on research and development than many of its competitors. If GLOBALFOUNDRIES fails to achieve timely advances in technologies or processes, including the transition to 7 nm and smaller process technology nodes, or to obtain access to advanced technologies or processes developed jointly with others, it may become less competitive. GLOBALFOUNDRIES has an internal research and development team focused on developing new and improved semiconductor manufacturing process technologies and this team has been strengthened since the acquisition of the IBM MD business, but it is also dependent on technology alliances and licensing agreements with a select number of technology companies to advance certain process technology portfolios. If GLOBALFOUNDRIES encounters problems in the successful integration of the IBM MD business or the implementation of its activities pursuant to its technology alliances, its strategy of positioning itself as the first manufacturing source for customers' new product innovations and decreasing the time it takes to bring the newest technologies to market would be adversely affected, it may be unable to continue providing its customers with leading-edge mass producible process technologies and it may, as a result, lose important customers which could adversely affect the Group's semiconductor business and results of operations.

The reduction or loss of government subsidies and tax incentives could have an adverse effect on the Group's semiconductor business

GLOBALFOUNDRIES relies on government subsidies and tax incentives in the jurisdictions in which it operates for a significant portion of its funding. GLOBALFOUNDRIES received in aggregate U.S.\$53 million, U.S.\$135 million and U.S.\$139 million in subsidies and incentives in each of 2015, 2014 and 2013, respectively. The Group regularly assesses the likelihood of achieving the conditions attached to the subsidies and incentives provided to GLOBALFOUNDRIES. While the Group believes that applicable requirements will be satisfied, it cannot provide any assurance that all subsidies and incentives will be received or that it will be entitled to subsidies and incentives in the future for current eligible projects. In addition, the Group cannot provide any assurance that it will not be required to refund any subsidies or incentives previously paid to it because applicable requirements were not fully achieved.

The Group's semiconductor business may be adversely affected if GLOBALFOUNDRIES is unable to obtain equipment or adequate supplies of raw materials in a timely manner and at reasonable prices or if its customers cannot obtain required third party services in a timely manner

GLOBALFOUNDRIES depends on a limited number of manufacturers and vendors that make and maintain the complex equipment it uses in its manufacturing processes and relies on these manufacturers and vendors to improve its technology to meet its customers' demands. In periods of unpredictable and highly diversified market demand, the lead time from order to delivery of this equipment can be as long as six to 12 months and there is a limited number of equipment suppliers. If there are delays in the delivery of equipment or increases in the cost of equipment, due to supplier leverage or otherwise, or if GLOBALFOUNDRIES' competitors gain advanced access to equipment, it could cause GLOBALFOUNDRIES to delay the introduction of new manufacturing capacity or technologies, delay product deliveries and fall behind its competitors, which may result in the loss of customers and may materially adversely affect the Group's semiconductor business.

GLOBALFOUNDRIES also depends on a limited number of suppliers for raw materials, including silicon wafers, chemicals, gases and various types of precious metals. To maintain competitive manufacturing operations, GLOBALFOUNDRIES must obtain from its suppliers, in a timely manner, sufficient quantities of quality materials at acceptable prices. Although GLOBALFOUNDRIES sources its raw materials from several suppliers, a small number of these suppliers account for a substantial amount of its supply of raw materials because of the consistent quality required for these materials. GLOBALFOUNDRIES does not have long-term contracts with most of its suppliers.

From time to time, GLOBALFOUNDRIES' suppliers have extended the lead time or limited the supply of required materials to GLOBALFOUNDRIES because of capacity constraints. Consequently, from time to time, GLOBALFOUNDRIES has experienced difficulty in obtaining the quantities of raw materials it needs on a timely basis. In addition, from time to time GLOBALFOUNDRIES may reject materials that do not meet its

specifications, resulting in declines in output or manufacturing yields. The Group cannot provide any assurance that GLOBALFOUNDRIES will be able to obtain sufficient quantities of raw materials and other supplies in a timely manner. If the supply of materials is substantially diminished or if there are significant increases in the costs of raw materials, GLOBALFOUNDRIES may incur additional costs to acquire sufficient quantities of raw materials to sustain its operations.

Many of GLOBALFOUNDRIES' customers depend on third parties to provide mask, assembly and test services. If these customers cannot obtain these services on reasonable terms and in a timely manner, they may not order any foundry services from GLOBALFOUNDRIES or reduce the size of their orders. This may significantly adversely affect the Group's semiconductor business.

GLOBALFOUNDRIES' business success depends in part on its ability to protect its proprietary technologies with intellectual property rights, and on its ability to avoid violating the intellectual property rights of third parties

GLOBALFOUNDRIES' ability to compete successfully and to achieve future growth will depend in part on its ability to secure intellectual property rights protecting its proprietary technology. While GLOBALFOUNDRIES actively monitors and enforces its intellectual property rights, the Group cannot provide any assurance that GLOBALFOUNDRIES' efforts will be adequate to prevent the unauthorised use of its patent rights, proprietary technologies, trade secrets, software or know-how. Also, the Group cannot provide any assurance that as GLOBALFOUNDRIES' business or business models evolve and expand into new areas, GLOBALFOUNDRIES will be able to develop, either on its own or through its collaborations with third parties, the technologies, trade secrets, software or know-how necessary to conduct its business or that it can do so without infringing the intellectual property rights of others. To the extent that GLOBALFOUNDRIES is required to rely on licenses from others, it cannot assure that it will be able to obtain any or all of the necessary licences in the future on reasonable terms or at all. The lack of necessary licences could expose GLOBALFOUNDRIES to claims for monetary damages from third parties and/or injunctions preventing it from using certain technology, as well as claims for indemnification by its customers in instances where it has contractually agreed to indemnify its customers against damages resulting from infringement claims.

GLOBALFOUNDRIES' ability to compete successfully also depends on its ability to operate without infringing the proprietary rights of others. GLOBALFOUNDRIES has no means of knowing what patent applications have been filed in the United States or in certain other countries until months after they are filed. The semiconductor industry involves many complex technologies and many patents, copyrights and other intellectual property rights related to these technologies. Litigation brought by third parties based on these intellectual property rights is common, and GLOBALFOUNDRIES has received from time to time communications from third parties alleging infringement of their intellectual property rights by GLOBALFOUNDRIES' processes or products, and it expects to continue to receive such communications in the future. In some instances, such disputes have resulted in litigation. Since patent applications can take many years to issue and the scope of the patents that are ultimately issued may be difficult to determine, there may be currently pending applications that may later result in issued patents upon which GLOBALFOUNDRIES' technologies may infringe. There may also be issued patents of which GLOBALFOUNDRIES is unaware that its technologies may infringe. In addition, there is a risk that claims or lawsuits may be initiated by certain litigious, non practicing entities which are also known as "patent trolls".

In the event a third party makes a claim, whether valid or not, against GLOBALFOUNDRIES or against its customers, GLOBALFOUNDRIES could be required to:

- seek to acquire licences to the infringed technology which may not be available on commercially reasonable terms or at all;
- defend itself or its customers in legal proceedings, which could be time consuming and expensive, even if the claim is without merit;

- discontinue using certain technologies, which could cause it to stop manufacturing certain semiconductors;
- pay substantial monetary damages; and/or
- seek to develop non-infringing technologies, which may not be feasible.

GLOBALFOUNDRIES may be required to engage in litigation to enforce its patents or other intellectual property rights or to defend itself or its customers against claimed infringement of the rights of others. Such litigation could result in substantial costs to GLOBALFOUNDRIES and diversion of management attention and resources. Any of these developments could place substantial financial and administrative burdens on GLOBALFOUNDRIES and materially adversely affect the Group's semiconductor business.

GLOBALFOUNDRIES is subject to the risk of loss due to explosion and fire because some of the materials it uses in its manufacturing processes are highly combustible

As is the case with other semiconductor manufacturers, GLOBALFOUNDRIES uses highly combustible materials in its manufacturing processes and is therefore subject to the risk of loss arising from explosion or fire. Although GLOBALFOUNDRIES has implemented risk management controls at its manufacturing locations, the risk of fire associated with these materials cannot be completely eliminated. GLOBALFOUNDRIES maintains insurance policies to guard against losses caused by fire. While the Group believes GLOBALFOUNDRIES' insurance coverage for damage to its property and disruption of its business due to fire is adequate, the Group cannot provide any assurance that the coverage would be sufficient to cover all potential losses or that insurance payments would be made in a timely manner. If any of GLOBALFOUNDRIES' facilities were to be damaged or to cease operations as a result of a fire, this would temporarily reduce GLOBALFOUNDRIES' manufacturing capacity, and could materially adversely affect the Group's semiconductor business.

Uncertainties involving the ordering and shipment of GLOBALFOUNDRIES' products could materially and adversely affect the Group's semiconductor business

GLOBALFOUNDRIES typically sells its products pursuant to individual purchase orders, with the exception of two longer term supply agreements, one with AMD and one with IBM. Customers of semiconductor foundries generally do not place purchase orders far in advance and customer orders may vary significantly from period to period. Customers may generally cancel purchase orders 60 to 90 days prior to shipment without incurring significant fees. As a result, GLOBALFOUNDRIES bases its inventory levels in part on customers' estimates of demand for its products, which may not accurately predict the quantity or type of GLOBALFOUNDRIES' products that its customers will want in the future or may ultimately purchase. GLOBALFOUNDRIES' ability to forecast demand is complicated further when it sells indirectly through distributors, as GLOBALFOUNDRIES' forecasts for demand are then based on estimates provided by multiple parties.

Semiconductor markets are characterised by short product lifecycles, which can lead to rapid obsolescence and price erosion. In addition, GLOBALFOUNDRIES' customers may change their inventory practices on short notice for any reason. Reflecting its customers' ordering patterns, GLOBALFOUNDRIES does not typically operate with any significant backlog, except in periods of capacity shortage. The lack of significant backlog and the unpredictable length and timing of semiconductor cycles make it difficult for GLOBALFOUNDRIES to adjust costs in a timely manner to compensate for revenue shortfalls which may also materially adversely affect the Group's semiconductor business and its results of operations. In addition, in some cases, GLOBALFOUNDRIES may seek to optimise its capacity usage by starting production on the basis of anticipated customer demand rather than actual orders received, and the cancellation or deferral of product orders or overproduction due to failure of anticipated orders to materialise, could result in excess or obsolete inventory, which could result in write downs of inventory and an adverse effect on profit margins. Factors that may result in excess or obsolete inventory, which could result in write downs of the value of

GLOBALFOUNDRIES' inventory, a reduction in the average selling price and/or a reduction in its gross margin, include:

- a sudden and significant decrease in demand for GLOBALFOUNDRIES' products;
- a higher incidence of inventory obsolescence because of rapidly changing technology and customer requirements;
- a failure to accurately estimate customer demand for its older products as GLOBALFOUNDRIES' new products are introduced; and
- GLOBALFOUNDRIES' competitors taking aggressive pricing actions.

Risks relating to the Group's aviation MRO business

Revenue from aircraft maintenance and repairs, components leasing and sales accounted for 16.8 per cent., 18.9 per cent. and 19.8 per cent., respectively, of the Group's total revenue from the sale of goods and services in 2015, 2014 and 2013, respectively. The majority of the Group's revenue from this source (82.0 per cent. in 2015) is derived from SR Technics Holdco I GmbH (SR Technics) which undertakes the Group's aviation maintenance, repair and overhaul (MRO) business. Accordingly, the Group is significantly exposed to risks relating to the aircraft MRO industry.

The airline industry is cyclical and downturns in the industry will adversely impact the general level of the Group's aviation MRO activity

The general level of activity of the Group's aviation MRO businesses is affected by a range of factors including the level of activity in the airline industry. The airline industry is cyclical and in the past has been adversely affected by a number of factors, including economic conditions, increased fuel and labour costs and intense price competition.

Any revocation or limitation of any required authorisation could have a material adverse effect on the Group's aviation MRO business

Government regulations in the Group's major markets require that aviation components be serviced by a certified provider. The Group has obtained the requisite authorisations for its current businesses. The revocation or limitation of any of these authorisations could have a material adverse effect on the Group's aviation MRO businesses.

The aviation MRO markets in which the Group operates are competitive and the Group is dependent on the servicing requirements of its principal customers

The aviation MRO markets in which the Group operates are competitive and the Group is dependent on the servicing requirements of its principal customers. For instance, easyJet is a material customer of SR Technics. The loss of the easyJet contract would lead to the loss of significant revenue for the Group. The easyJet contract expires in 2020, subject to certain early termination rights.

No assurance can be given that the Group's principal customers will continue to utilise the services of the Group or that any of the agreements with such customers will be modified, extended or renewed on terms which are favourable to the Group. The loss of one or more of the Group's major customers or a reduction in their activities or spending could have a materially adverse effect on the Group's aviation MRO business.

Risks relating to the Group's oil and gas business

Revenue from the sale of hydrocarbon products (net of royalties) accounted for 13.2 per cent., 16.8 per cent. and 16.9 per cent., respectively, of the Group's total revenue from the sale of goods and services in 2015, 2014 and 2013, respectively. Accordingly, the Group is significantly exposed to risks relating to the oil and gas industry.

Oil and gas operations are subject to numerous operating, regulatory and market risks, many of which are beyond the control of the Group

The Group's oil and gas production operations are subject to all the risks typically associated with such operations, including market fluctuations in the prices of oil and natural gas; uncertainties related to the delivery and proximity of its reserves to pipelines, gathering systems and processing facilities; failures of equipment which can cause production and transportation interruptions; extensive regulation relating to prices, taxes, royalties, land tenure, allowable production and the export of oil and gas; premature decline of reservoirs; invasion of water into producing formations and many other aspects of the oil and gas business, many of which are beyond the control of the Group.

The exploration activities undertaken by the Group may involve unprofitable efforts, not only from dry wells, but also from wells that do not produce sufficient revenue to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations and various field operating conditions may adversely affect the production from successful wells.

Oil and gas development and exploration activities are also dependent on the cost and availability of drilling and related equipment and drilling personnel and specialists in the particular areas where such activities will be conducted. The lack of availability or high cost of limited equipment such as drilling rigs or access restrictions may adversely affect the Group's operations and may delay its development and exploration activities. In the geographic areas in which the Group operates there is significant demand for drilling rigs and other equipment.

The materialisation of any of these risks could adversely affect the Group's oil and gas businesses.

The Group could face significant liabilities for damages, clean-up costs or penalties under environmental and safety laws and changes in such laws could materially increase the Group's costs

Environmental contamination, toxicity and explosions from leakage and associated penalties are inherent risks in the oil and gas business. The Group may have to comply with national, state and local environmental laws and regulations in jurisdictions in which the Group operates which may affect its operations. 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, special provisions may be appropriate or required in environmentally sensitive areas of operation.

Significant liability could be imposed on members of the Group 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 or acquired by the Group, acts of sabotage or non-compliance with environmental laws or regulations. Such liability could have a material adverse effect on the Group's business, financial condition and results of operations (either because of the cost implications for the Group or because of disruption to services provided at the relevant project or business). It may also result in a reduction of the value of the relevant project or business or affect the ability of the Group to dispose of such project or business.

The Group 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 the Group for the installation and operation of systems and equipment for remedial measures, any or all of which may have a material adverse effect on the Group's oil and gas businesses.

Revenue derived from the Group's oil and gas assets may fluctuate with changes in oil and gas prices, which have been volatile

The Group's business, financial condition, results of operations and future growth are partially dependent on the prices it is able to realise for its oil and gas production. Historically, the markets for these products have been volatile, with a significant price decline since mid-2014, and such markets are likely to continue to be volatile in the future. Prices for oil and natural gas are based on world supply and demand and are subject to large fluctuations in response to relatively minor changes in demand, whether the result of uncertainty or a variety of additional factors beyond the control of the Group, including actions taken by OPEC and adherence to agreed production quotas, war, terrorism, government regulation, social and political conditions in oil and gas producing countries generally, economic conditions, prevailing weather patterns and meteorological phenomena such as storms and hurricanes and the availability of alternative sources of energy. It is impossible to predict accurately future crude oil and gas price movements.

The Group's exposure to movements in crude oil prices arises from the operations of its oil producing assets, principally in the Gulf of Thailand and also in Oman and Bahrain. According to the OPEC website, in 2013, the monthly average price of the OPEC Reference Basket ranged from a low of U.S.\$100.65 per barrel in May 2013 to a high of U.S.\$109.28 per barrel in January 2013. In 2014, the monthly average price of the OPEC Reference Basket ranged from a low of U.S.\$59.46 per barrel in December 2014 to a high of U.S.\$107.89 per barrel in June 2014. In 2015, the monthly average price of the OPEC Reference Basket ranged from a low of U.S.\$33.64 per barrel in December 2015 to a high of U.S.\$62.16 per barrel in May 2015. On an annual basis, the average price of the OPEC Reference Basket was U.S.\$105.87 per barrel in 2013, U.S.\$96.29 per barrel in 2014 and U.S.\$49.49 per barrel in 2015. OPEC Reference Basket price movements are shown solely to illustrate the historic volatility in international crude oil prices and no implication is intended that the Group's revenue from crude oil production is directly linked to the price of the OPEC Reference Basket.

Lower international crude oil prices in 2015 were a major factor in the Group's revenue from the sale of hydrocarbons falling by 18 per cent. in 2015 compared to 2014. In addition, in both 2015 and 2014, the Group recorded significant impairments against its oil and gas assets, principally as a result of lower international crude oil prices.

The Group's exposure to movements in natural gas prices arises from the midstream activities of the Dolphin Project, which involves the transportation of the dry gas produced by the project to Abu Dhabi through a subsea export pipeline, from where it is then distributed to customers in Abu Dhabi, Dubai, the Northern Emirates and Oman through a gas distribution network. A proportion of the gas sales are made to customers under short-term gas supply contracts based on agreed prices at the time of sale and, in addition, Dolphin Energy Limited (**Dolphin Energy**), which is 51.0 per cent. owned by the Company, also purchases third party gas from Qatar Petroleum, transports it through the Dolphin pipeline and sells it to various downstream customers. As a result, movements in the spot price of natural gas expose the Group to potentially adverse fluctuations in revenue from these sales. See, for example, "*Management's discussion and analysis of financial condition and results of operations of the Group—Segmental analysis*".

If the current low hydrocarbon prices are sustained for a lengthy period, this could have a material adverse effect on the Group's revenue, operating income and cash flows from its oil and gas businesses, could negatively impact its borrowing capacity and may require further significant impairments and a reduction in the carrying value of the Group's properties, its planned level of spending for exploration and development and the

level of its reserves. No assurance can be given that prices will be sustained at levels that will enable the Group to operate its oil and gas businesses profitably.

The Group's exploration, development and production licences may be suspended, terminated or revoked prior to their expiration and it may be unable to obtain or maintain any required permits or authorisations

The Group conducts its oil and gas operations under numerous exploration, development and production licences in various legal and tax jurisdictions. Most of these licences may be suspended, terminated or revoked if the relevant Group licensee fails to comply with the licence requirements, does not make timely payments of levies and taxes for the use of the subsoil, systematically fails to provide information, goes bankrupt or fails to fulfil any capital expenditure or production obligations or, in the case of operations in some countries, at the discretion of the relevant government regulator. In addition, territorial disputes may call into question the validity of certain of the Group's offshore licences. The Group may not comply with certain licence requirements for some or all of its licence areas. If it fails to fulfil the specific terms of any of its licences or if it operates in its licence areas in a manner that violates applicable law, government regulators may impose fines or suspend or terminate its licences, any of which could have an adverse effect on the Group's oil and gas businesses.

In addition, to operate its oil and gas businesses as currently contemplated, the Group must obtain permits and authorisations to conduct operations, such as land allotments, approvals of designs and feasibility studies, pilot projects and development plans, and for the construction of any facilities onsite. It may not be able to obtain all required permits and authorisations. If the Group fails to receive any required permits or authorisations, it may have to delay its investment or development programmes, or both.

The Group's estimates of its oil and gas reserves are subject to various uncertainties, including many factors beyond the Group's control

There are numerous uncertainties inherent in estimating quantities of proved, probable and possible oil and gas reserves, including many factors beyond the Group's control. In general, estimates of economically recoverable oil and gas reserves are based on recognised rules of governance and use a number of factors and assumptions made as of the date on which the reserves estimates were determined, such as geological and engineering estimates (which have inherent uncertainties), historical production from the assets, the assumed effects of regulation by governmental agencies and estimates of commodity prices and capital and operating costs, all of which may vary considerably from actual results. All such estimates are, to some degree, uncertain, and classifications of reserves are only attempts to define the degree of uncertainty involved. In addition, due to the inherent risks in development activities, there can be no assurance that any of the Group's estimated oil and gas reserves will be converted into commercial production, the value of such production will be in accordance with targeted or expected value or that the Group will meet its targeted production timelines. The Group's actual production, revenue, taxes and development and operating expenditures with respect to its reserves are likely to vary from its estimates, and such variances could be material.

In addition, the upstream participants in the Dolphin Project, who are parties to a development and production sharing agreement in relation to a dedicated block in Qatar's North Field, have no control over how other entities will develop their rights in the North Field or how Qatar may choose to allocate its natural gas concessions in the North Field in the future. If any natural gas development in the North Field were to negatively affect the reserves available to the upstream participants in the Dolphin Project, the actual reserves that the Dolphin Project may be able to develop at its dedicated block may be significantly less than its current reserves estimates. Although the upstream participants in the Dolphin Project have a contractual right to expand the Dolphin Project's dedicated block if the participants can demonstrate to the reasonable satisfaction of the Qatar Government that, after employing all production procedures that a reasonable natural gas producer would utilise to increase production, the upstream participants would be unable to produce an average of 2 billion standard cubic feet of gas per day, plus or minus 10 per cent., from their dedicated block, an expansion would delay production and adversely affect the revenue generated by the upstream participants from the sale of natural gas products produced by them.

In such a case, the midstream participants in the Dolphin Project may not be able to purchase their required volumes of gas from the upstream participants for resale to their customers, which would expose the midstream participants to potential contractual liabilities and the potential termination of their long-term sales arrangements.

Any such developments could materially and adversely affect the Group's oil and gas revenues, including those derived from the Dolphin Project.

The oil and gas industry is competitive

The oil and gas industry is competitive in all its phases and there has been significant excess supply since mid-2014. The Group competes with numerous other participants in the search for, and the acquisition of, oil and gas properties and in the marketing of oil and gas. The Group competes with oil and gas companies that may possess greater technical, physical and/or financial resources. Many of these competitors not only explore for and produce oil and natural gas, but also carry on refining operations and market petroleum and other products on an international basis. In addition, crude oil and natural gas production blocks are typically auctioned by governmental authorities and the Group faces intense competition in bidding for such production blocks, in particular those blocks with the most attractive crude oil and natural gas potential reserves. Such competition may result in the Group failing to obtain desirable production blocks or may result in the Group acquiring such blocks at a price which could result in the subsequent production not being economically viable. The Group also competes with other companies to attract and retain experienced skilled management and industry professionals. If the Group is unsuccessful in competing against other companies or if the Group fails to acquire or discover and thereafter develop new oil and gas reserves on a cost-effective basis, its oil and gas businesses could be adversely affected.

Other general risks

Economic recessions or downturns, and significant fluctuations in commodity prices, could impair the value of some or all of the Group's projects and investments or prevent it from increasing its project and investment base

A significant proportion of the Group's investments are in projects and companies that are susceptible to economic recessions or downturns. During periods of adverse economic conditions, these projects and companies may experience decreased revenue, financial losses from impairments or otherwise, difficulty in obtaining access to financing and increased funding costs. During such periods, these projects and companies may also have difficulty in expanding their businesses and operations and be unable to meet their debt service obligations or other expenses as they become due. Any of the foregoing could cause the value of the Group's affected projects and investments to decline, in some cases significantly. In addition, during periods of adverse economic conditions, the Group may have difficulty accessing financial markets, which could make it more difficult or impossible to obtain funding for additional projects and investments.

The Group's results from certain of its projects are dependent on commodity prices. For example, the Group's revenue and results from its oil and gas business depends significantly on the level of oil and gas prices, see "*Risks relating to the Group's oil and gas business—Revenue derived from the Group's oil and gas assets may fluctuate with changes in oil and gas prices*". Similarly, the Group's share of the results of EGA, which is an equity accounted investee, depends on the prices which EGA is able to obtain for the aluminium which it produces. In 2015, the Group's share of the results of EGA was materially lower than in 2014, driven by lower realised aluminium prices. The Group, through PSA Fundo De Investimento EM Participacoes (**FIP**), another jointly controlled entity, also completed the construction of a port, Porto Sudeste do Brasil (**Porto Sudeste**), in Rio De Janeiro state, Brazil in 2015 through which it is shipping iron ore produced at Brazilian mines. The Group's share of the results of FIP depend on the volumes that are shipped through the port (and therefore the tariffs the port is able to levy). These volumes may be adversely affected by low iron ore prices, which could make it uneconomical for Brazilian miners to export iron ore to international customers. The Group is also exposed to fluctuations in the price of the copper mined by Matsa, which is a jointly controlled entity.

The financial performance of the Group has in the past been adversely affected by these trends and could be adversely affected in the future by any deterioration of general economic conditions in the markets in which the Group operates, as well as by United States and international trading market conditions and/or related factors. In addition, changes in investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments, may also materially adversely affect the financial performance of the Group.

Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect the Group's business

The Group and each project and company in which it invests are subject to laws and regulations enacted by national, regional and local governments. Such laws and regulations may relate to licensing requirements, environmental obligations, health and safety obligations, asset and investment controls and a range of other requirements. For example, the Group's semiconductor manufacturing, aviation MRO and oil and gas businesses are all subject to a variety of laws and governmental regulations relating to the use, discharge and disposal of toxic or otherwise hazardous materials used by the respective businesses.

Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Those laws and regulations and their interpretation and application may also change from time to time.

Any failure by the Group to comply with any of these laws or regulations could result in:

- significant penalties and legal liabilities, including material clean up costs;
- the temporary or permanent suspension of production of any affected products;
- unfavourable alterations in the Group's manufacturing processes; and
- restrictions on the Group's operations or sales.

Existing and future environmental and climate-related laws and regulations as well as applicable international accords to which the Group is subject, could also require it, among other things, to:

- purchase, use or install expensive pollution control, reduction or remediation equipment;
- implement climate change mitigation programmes, abatement or reduction of greenhouse gas emissions programmes and/or carbon credit trading programmes;
- modify the Group's product designs and manufacturing processes; and/or
- incur other significant expenses, such as obtaining substitute raw materials or chemicals that may cost more or be less available for the Group's operations.

The Group could be materially adversely affected by natural disasters or interruptions in the supply of utilities in the locations in which it has material operations or in which its material customers or suppliers operate

The Group has semiconductor manufacturing, oil and gas production and other operations in locations subject to natural disasters, such as severe weather, flooding and earthquakes as well as interruptions or shortages in the supply of utilities (such as water and electricity) that could disrupt operations. The frequency and severity of natural disasters have increased in the past decade due to abnormal environmental and climate-related changes. In addition, certain of the Group's material suppliers and customers also have operations in such locations. For example, many of the material suppliers and customers of the Group's semiconductor business and upstream providers of complementary semiconductor manufacturing services are located in Japan

and Taiwan, which are susceptible to earthquakes, flooding, typhoons and droughts from time to time. A natural disaster or interruption in the supply of utilities that results in a prolonged disruption to any of the Group's material operations, or the operations of its material customers or suppliers, could materially adversely affect the Group's business.

The Group's insurance policies may not be sufficient to cover all risks that it faces

The Group maintains a range of insurance policies, including policies to guard against loss or damage to its assets and certain types of general, products and aviation legal liability for loss or damage caused to third parties. The Group believes that its insurance provides coverage in amounts and on terms that are generally consistent with relevant industry practice. There is, however, no assurance that the Group's insurance coverage will continue to be available in the market or available at an acceptable cost. Further, the Group could be subject to a material loss to the extent that a claim is made against the Group which is not covered in whole or in part by insurance and for which third party indemnification is not available.

The Group's results of operations could be materially adversely affected by changes in tax related matters

The Group conducts operations and sell products in various countries and, as a result, is subject to taxation and audit by a number of taxing authorities. Tax rates vary in the jurisdictions in which the Group operates. Changes in tax laws, regulations and related interpretations in these countries may adversely affect the Group's business and results of operations.

In addition, the Group is subject to laws and regulations in various jurisdictions that determine how much profit has been earned and when such profit is subject to taxation in that jurisdiction. Changes in these laws and regulations could affect the locations where the Group is deemed to earn income, which could in turn adversely affect its business and results of operations. The Group has deferred tax assets on its balance sheet. Changes in applicable tax laws and regulations or in its business performance could affect the Group's ability to realise those deferred tax assets.

The Group currently operates under tax holidays and favourable tax incentives in certain jurisdictions. Such tax holidays and incentives often require the Group to meet specified employment and investment criteria. The Group cannot provide any assurance that it will be able to continue to meet these criteria or enjoy tax holidays and incentives, or realise any net tax benefits from these tax holidays or incentives.

During the ordinary course of business, Group companies may become subject to lawsuits which could materially and adversely affect the Group

From time to time, Group companies may in the ordinary course of business be named as defendant in lawsuits, claims and other legal proceedings. These actions may seek, among other things, compensation for alleged losses, civil penalties or injunctive or declaratory relief. In the event that any such action is ultimately resolved unfavourably at amounts exceeding the Group's accrued liability, or at material amounts, the outcome could materially and adversely affect the Group's results of operations.

Risks relating to Abu Dhabi, the UAE and the Middle East

The Group is subject to political and economic conditions in Abu Dhabi, the UAE and the Middle East

The Group currently has a significant proportion of its operations and interests in the UAE, with a particular focus on Abu Dhabi. While the UAE is seen as a relatively stable political environment, certain other jurisdictions in the Middle East are not. In particular, since early 2011 there has been political unrest in a range of countries in the Middle East and North Africa (MENA) region, including Algeria, Bahrain, Egypt, Iraq, Libya, Morocco, Oman, Saudi Arabia, Syria, Tunisia and Yemen. This unrest has ranged from public demonstrations to, in extreme cases, armed conflict and civil war and has given rise to a number of regime changes and increased political uncertainty across the region. In particular, the armed conflicts in Syria, Iraq

and Yemen have the potential to further destabilise the region, further increase uncertainty and have a material negative impact on the regional economy. The Group's business may be affected by the financial, political and general economic conditions prevailing from time to time in the UAE 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 the Group would be able to sustain its current profit levels if adverse political events or circumstances were to occur. A general downturn or instability in certain sectors of the UAE or the regional economy could have an adverse effect on the Group's business. Investors should also note that the Group's business could be adversely affected by political, economic or related developments both within and outside the Middle East because of inter-relationships within the global financial markets.

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 the Group's operations or renewing existing ones;
- potential lack of reliability as to title to real property in certain jurisdictions where the Group operates; 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 UAE has enjoyed significant economic growth and stability, there can be no assurance that such growth or stability will continue. Moreover, while the UAE 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 revenue

Abu Dhabi's economy is highly dependent upon its hydrocarbon-related revenue. Although, in the past, equity contributions from the Government have been a significant source of funding for the Group, the Company did not request additional shareholder contributions in 2015 and the Company expects that future capital and investment expenditure will largely be met by operating cash flow, borrowing from third parties and selective asset monetisations. Nevertheless, the significant declines in prices for hydrocarbon products since late 2014, particularly if sustained for the next few years, could adversely affect the availability of additional shareholder contributions for the Group from the Government which, in turn, could result in the Group not pursuing certain projects even though they may otherwise have been commercially attractive opportunities.

Oil and gas prices have fluctuated in response to changes in many factors over which the Group 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 and gas 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 and gas producing or consuming countries;
- prices and availability of alternative fuels;
- global economic and political conditions;
- prices and availability of new technologies; and
- global weather and environmental conditions.

The Group's business may be adversely affected if the UAE dirham/U.S. dollar peg is removed or adjusted

The Group maintains its accounts, and reports its results, in UAE dirham. As at the date of this document, the UAE dirham remains pegged to the U.S. dollar. However, there can be no assurance that the UAE dirham will not be de-pegged in the future or that the existing peg will not be adjusted in a manner that adversely affects the Group.

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

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

The Issuer is a company with limited liability incorporated under the laws of the Netherlands and is not authorised to engage in any business activity other than the issuance of Notes under the Programme and other borrowing programmes established from time to time by the Guarantor, the making of loans to the Guarantor or other companies controlled by the Guarantor and other incidental or related activities. The Issuer is not expected to have any income, and payments from the Guarantor and/or from other companies controlled by the Guarantor in respect of loans made by the Issuer to those companies will be the only material source of funds available to the Issuer to meet the claims of the Noteholders. As a result, the Issuer is subject to all the risks to which the Guarantor and other Group companies are subject, to the extent that such risks could limit their ability to satisfy in full and on a timely basis their respective obligations to the Issuer under any such loans. See “—*Factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee*” for a further description of certain of these risks.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

The Notes may be subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can 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 the light of other investments available at that time.

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

If the Issuer becomes obliged to pay any additional amounts in respect of the Notes as provided or referred to in Condition 9 of the Notes or the Guarantor is unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 9) 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 8(b) of the Notes.

In such circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security with a similar rate of return, which may have an adverse effect on the position of such investor. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the Early Redemption Amount. Potential investors should consider reinvestment risk in light of other investments available at that time.

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 then prevailing rates on its 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.

Risks relating to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

The 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 generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

A change of law may adversely affect the Notes

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

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

In relation to any issue of Bearer Notes which have denominations consisting of a minimum Specified Denomination 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.

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 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 “*Form of the Notes*”). Except in the circumstances described in each Global Note, 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 held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, 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 must rely on the procedures of the relevant clearing system and its participants in relation to payments under the Notes. The Issuer and the Guarantor have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

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

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 (1) Notes are legal investments for it, (2) Notes can be used as collateral for various

types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. 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.

U.S. Foreign Account Tax Compliance Act withholding

Whilst the Notes are in global form and held within Euroclear Bank S.A./N.V., Clearstream Banking, société anonyme or DTC (together the **ICSDs**), in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) will affect the amount of any payment received by the ICSDs (see “Taxation – Foreign Account Tax Compliance Act”). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer’s obligations under the Notes are discharged once it has made payment to, or to the order of, the common depositary for the ICSDs (as bearer or registered holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an **IGA**) are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

Risks relating to enforcement

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

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

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

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

The UAE is a civil law jurisdiction and judicial precedents in Abu Dhabi have no binding effect on subsequent decisions. In addition, court decisions in Abu Dhabi are generally not recorded. These factors contribute to judicial uncertainty.

The Notes, the Guarantee, the Agency Agreement, the Deed Poll, the Deed of Covenant (each as defined in “*Terms and Conditions of the Notes*”) and the Programme Agreement (as defined in “*Subscription and Sale and Transfer and Selling Restrictions*”) are governed by English law and the parties to such documents have agreed to refer any unresolved dispute in relation to such documents to arbitration under the Arbitration Rules of the London Court of International Arbitration in London, England.

The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the **New York Convention**) entered into force in the UAE 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 UAE 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 UAE. 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. There have been limited instances where the UAE courts, most notably the Fujairah Court of First Instance and the Dubai Court of Cassation, have ratified or ordered the recognition and enforcement of foreign arbitration awards under the New York Convention. There is, however, no system of binding judicial precedent in the UAE and it is unclear if these decisions are subject to any appeal (it should be noted that only the Dubai Court of Cassation decision was a final decision). In practice, therefore, how the New York Convention provisions would be interpreted and applied by the Abu Dhabi courts, in practice and whether the Abu Dhabi courts will enforce a foreign arbitration award in accordance with the terms of the New York Convention (or any other multilateral or bilateral enforcement convention) remain largely untested.

The uncertainty regarding the interpretation and application of the New York Convention provisions by the courts is further reinforced by the lack of system of binding judicial precedent in the UAE and because of the independent existence of different Emirates within the UAE, some with their own court systems, whole rulings may have no more than persuasive force within other Emirates. There is therefore no guarantee that the Abu Dhabi courts will take the same approach in similar proceedings in the future. In practice, therefore, how the New York Convention provisions would be interpreted and applied by the Abu Dhabi courts, and whether the Abu Dhabi courts will enforce a foreign arbitration award in accordance with the New York Convention, remains largely untested.

There are limitations on the effectiveness of guarantees in the UAE

Under the laws of the UAE the obligation of a guarantor is incidental to the obligations of the principal debtor, and the obligations of a guarantor will only be valid to the extent of the continuing obligations of the principal debtor. The laws of the UAE do not contemplate a guarantee by way of indemnity of the obligations of the debtor by the guarantor and instead contemplate a guarantee by way of suretyship. Accordingly, it is not possible to state with any certainty whether a guarantor could be obliged by the Abu Dhabi courts to pay a greater sum than the debtor is obliged to pay or to perform an obligation that the debtor is not obligated to perform.

In order to enforce a guarantee under the laws of the UAE, the underlying debt obligation for which such guarantee has been granted may need to be proved before the Abu Dhabi courts. Further, under the laws of the UAE, if a creditor fails to make a claim from a guarantor within six months of the date that the underlying debt obligation became due, the guarantor may be released from its obligations under the guarantee.

The Guarantor’s waiver of immunity may not be effective under the laws of the UAE

UAE law provides that public or private assets owned by the UAE or any of the Emirates may not be confiscated. Since the Guarantor is wholly-owned and controlled by the Government, there is a risk that the

assets of the Guarantor may fall within the ambit of government assets and as such cannot be attached or executed upon.

The Guarantor 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 Guarantee, the Agency Agreement, the Deed Poll and the Programme Agreement are valid and binding under the laws of the UAE and applicable in Abu Dhabi.

Risks relating to the market generally

Set out below is a brief description of the principal market risks relating to an investment in the Notes, including liquidity risk, exchange rate risk and interest rate risk, as well as a description of the limitations inherent in credit ratings:

A secondary market may not develop for any Notes

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

- 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; and
- the level, direction and volatility of market interest rates generally.

Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, exchange rate or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Notes may be subject to exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. Neither the Issuer nor the Guarantor have any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile and volatility between such currencies or with other currencies may be expected in the future. However, fluctuations between currencies in the past are not necessarily indicative of fluctuations that may occur in the future. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's

Currency-equivalent value of the principal payable on the Notes and (3) 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.

Fixed Rate Notes are subject to interest rate risks

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

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Guarantor or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances whilst the registration application is pending). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

Regulatory risks

Neither the Company nor the Issuer has registered, and neither will register, as an investment company under the Investment Company Act

The Company and the Issuer will each seek to qualify for an exemption from the definition of "investment company" under the Investment Company Act and will not register as an investment company in the United States under the Investment Company Act. The Investment Company Act provides certain protections to investors and imposes certain restrictions on registered investment companies, none of which will be applicable to the Company, the Issuer or its investors.

The Company's assets could be deemed "Plan Assets" that are subject to the requirements of the United States Employee Retirement Income Security Act of 1974, as amended (ERISA) or Section 4975 of the Code

Unless an exception applies, if 25 per cent. or more of the Notes (calculated in accordance with regulations promulgated by the United States Department of Labor set forth at 29 C.F.R. s.2510.3—101, as modified by section 3(42) of ERISA) or any other class of equity interest are owned, directly or indirectly, by "Benefit Plan Investors" (as defined under "Certain ERISA Considerations"), the Company's assets could be deemed to be

“plan assets” subject to the constraints of ERISA and there could be adverse consequences for the Company. Unless otherwise provided in a supplement to the Base Prospectus, each purchaser of a Note (or any interest therein) will be required to represent and warrant, on each day from the date on which the purchaser acquires the Note (or any interest therein) through and including the date on which the purchaser disposes of such Note (or any interest therein), that, unless otherwise provided in the applicable Final Terms, either (i) it is not, is not using the assets of, and shall not at any time hold such Note (or any interest therein) for or on behalf of, an employee benefit plan as defined in Section 3(3) of ERISA, that is subject to Title I of ERISA, a plan subject to Section 4975 of the Code, an entity whose underlying assets include (or are deemed for purposes of ERISA or the Code to include) plan assets by reason of an employee benefit plan or plan’s investment in such entity or a governmental, church or non-US plan which is subject to any Similar Law (as defined under “*Certain ERISA Considerations*”) or (ii) its acquisition, holding and disposition of such Note (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of a governmental, church or non-US plan, a violation of any applicable Similar Law. Any purported purchase or transfer of such a Note (or any interest therein) that does not comply with the foregoing shall be null and void. See the section entitled “*Certain ERISA Considerations*”. However, purchases and sales of the Notes (or any interests therein) will not be monitored by any person for compliance with such restrictions, and no assurance can be given with respect to such compliance.

Each of the Issuer and the Guarantor will be a “covered fund” for purposes of the Volcker Rule, which could negatively affect the liquidity and the value of the Notes.

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

A “hedge fund” and a “private equity fund” are defined widely, and include any issuer which would be required to register as an investment company under the Investment Company Act but for section 3(c)(1) or 3(c)(7) of that Act. As the Issuer and the Guarantor are expected to be exempt from registration under section 3(c)(7) of the Investment Company Act, it is expected that each of the Issuer and the Guarantor will be a covered fund and, in the absence of an available exemption, it is expected that the provisions of the Volcker Rule will severely limit the ability of U.S. banking entities (including controlled affiliates of U.S. banking institutions outside the United States) to hold an ownership interest in the Issuer or the Guarantor. The marketability and liquidity of the Notes may be significantly impaired if there is no available exemption. Any entity that is a “banking entity” as defined under the Volcker Rule and is considering an investment in ownership interests (for purposes of the Volcker Rule) of the Issuer or the Guarantor should consult its own legal advisers and consider the potential impact of the Volcker Rule in respect of such investment.

Neither the Notes nor the Guarantees should constitute an “ownership interest” as that term is used in the Volcker Rule, in a covered fund. However, the general effects of the Volcker Rule remain uncertain and there can be no assurance that the features of the Notes will result in the Notes not being characterised as “ownership interests” in the Issuer or that the features of the Guarantees will result in the Guarantees not being characterized as “ownership interests” in the Guarantor. Each investor is responsible for analysing its own position under the Volcker Rule and any similar measures and none of the Issuer, the Company, the Arrangers or the Dealers makes any representation regarding such position, including with respect to the ability of any investor to acquire or hold the Notes, now or at any time in the future.

OVERVIEW OF THE PROGRAMME

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

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 (the **Prospectus Regulation**).

Words and expressions defined in “*Form of the Notes*” and “*Terms and conditions of the Notes*” shall have the same meanings in this overview.

Issuer: MDC – GMTN B.V.

The Company and the Guarantor:..... Mubadala Development Company PJSC

The Company was formed in 2002 by the Government, its sole shareholder, as the business development and investment company mandated to act as a primary catalyst in the implementation of Abu Dhabi’s development strategy described under “*Relationship with the Government*”. The Group’s mandate is to implement the development strategy in a commercial and sustainable manner. It does this by forming new companies or by acquiring shareholdings in existing companies both in the UAE and abroad, and by generating sustainable economic benefits for Abu Dhabi through partnerships with local, regional and international companies.

The Company was formed by Emiri Decree and any change to the Government’s 100.0 per cent. ownership of the Company would require a further Emiri Decree. In addition, the Government has substantial representation in the Group’s management, with two members of the Abu Dhabi Executive Council (the **Executive Council**) sitting on the Board, including the Chairman, H.H. Sheikh Mohamed bin Zayed Al Nahyan, the Crown Prince of Abu Dhabi.

The Group’s development mandate has been supported by significant shareholder contributions from the Government. As at 31 December 2015, the Government’s cumulative capital contributions into the Company since its establishment totalled AED 170.5 billion. Although, in the past, equity contributions from the Government have been a significant source of funding for the Group, the Company did not request additional shareholder contributions in 2015 and the Company expects that future capital and investment expenditure will largely be funded by operating cash flow, borrowing from third parties and selective asset monetisations.

- The Group operates through four global platforms:

- Technology & Industry;
- Aerospace & Engineering Services;
- Energy; and
- Emerging Sectors.

Each of these global platforms incorporates one or more business units and businesses and each is supported by the Group CFO's platform and a range of other support units. While most of the Group's operations are conducted through its subsidiaries and joint ventures, it also has significant minority investments in a number of assets intended to support its development mandate.

The Group continues to invest substantially as and when required, with net cash used in investing activities of AED 17.7 billion in 2015, AED 17.6 billion in 2014 and AED 19.8 billion in 2013, equal to 51.9 per cent. of its revenue from the sale of goods and services in 2015 and 53.9 per cent. and 63.7 per cent. in 2014 and 2013, respectively.

The Group's current principal revenue generating activities are the manufacture and sale of semiconductors through GLOBALFOUNDRIES (see further "*Description of the Group—Global platforms—Technology & Industry global platform—Mubadala Technology*"), the provision of aircraft maintenance and repair services, principally through SR Technics (see further "*Description of the Group—Global platforms—Aerospace & Engineering Services global platform—Aerospace & Defence Services business unit—Civil Aviation and other MRO network—SR Technics*") and the sale of hydrocarbons through its proportional share in the upstream activities of the Dolphin Project (see further "*Description of the Group—Global platforms—Energy global platform—Mubadala Petroleum—The Dolphin Project*") and through MPSEA (see further "*Description of the Group—Global platforms—Energy global platform—Mubadala Petroleum—MPSEA*").

The Group's capital and investment expenditures include investments in subsidiaries, jointly controlled entities, joint operations, associates and other investments, acquisitions of property, plant and equipment, intangible assets and other assets. The Group anticipates that it will continue to incur capital and investment expenditures in future years. As at 31 December 2015, the Group's committed capital and investment expenditure (including exploration commitments) was AED 35.6 billion, see "*Management's discussion and analysis of financial condition and results of operations of the Group—Capital and investment expenditure*".

The Company has been assigned ratings of Aa2 by Moody's Singapore, which is on review for downgrade, and AA by each of

	S&P and Fitch, each with stable outlook. In all three cases, these are the same ratings given to the Abu Dhabi sovereign and reflect the Group's strong strategic relationship with the Government. Abu Dhabi is the largest of the seven emirates forming the UAE and has approximately 6.0 per cent. of the world's proven oil reserves and approximately 3.0 per cent. of the world's natural gas reserves. Abu Dhabi's real GDP per capita, which was approximately AED 276,000 in 2014, is one of the highest in the Gulf region.
The Group:	The Company, its consolidated subsidiaries, joint operations and equity accounted investees. See " <i>Management's discussion and analysis of financial condition and results of operations of the Group—Composition of the financial statements</i> ".
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme and the Guarantor'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. See " <i>Risk Factors</i> ".
Description:	Global Medium Term Note Programme
Arrangers:	Crédit Agricole Corporate and Investment Bank Goldman Sachs International Merrill Lynch International National Bank of Abu Dhabi P.J.S.C.
Dealers:	BNP Paribas Crédit Agricole Corporate and Investment Bank First Gulf Bank P.J.S.C. Goldman Sachs International J.P. Morgan Securities plc Merrill Lynch International Mitsubishi UFJ Securities International plc National Bank of Abu Dhabi P.J.S.C. Société Générale
	and any other Dealers appointed in accordance with the Programme Agreement.
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 (see " <i>Subscription and Sale and Transfer and Selling Restrictions</i> ") including the following restrictions applicable at the date of this Base Prospectus.
	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 Financial Services and Markets Act 2000 (as

	amended) (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 another currency, see “ <i>Subscription and Sale and Transfer and Selling Restrictions</i> ”.
Principal Paying Agent:	Citibank, N.A.
Registrar:	Citigroup Global Markets Deutschland AG.
Programme Size:.....	The Programme is unlimited in amount.
	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will have the same terms and conditions or terms and conditions which are the same in all respects, except that the amount and date of the first payment of interest thereon and the date from which interest starts to accrue may be different in respect of the different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects, save that a Tranche may comprise Notes of different denominations.
Distribution:.....	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:.....	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer.
Redenomination:.....	The applicable Final Terms may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 5.
Maturities:.....	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, 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 basis and at an issue price which is at par or at a discount to, or premium over, par. The price and amount of Notes to be issued will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.
Form of Notes:.....	The Notes will be issued in bearer or registered form as described in “ <i>Form of the Notes</i> ”. Registered Notes will not be exchangeable for Bearer Notes and vice versa.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and, on redemption, will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

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 set out in the applicable Final Terms (or in the case of Exempt Notes, the applicable Pricing Supplement) The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.
Other provisions in relation to Floating Rate Notes:	Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, 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.
Zero Coupon Notes:.....	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Redemption:	The applicable Final Terms (or in the case of Exempt Notes, the applicable Pricing Supplement) will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders (including following the occurrence of a Change of Control Event as described below) upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer. The terms of any such redemption, including notice periods, relevant redemption dates and prices will be indicated in the applicable Final Terms (or in the case of Exempt Notes, the applicable Pricing Supplement). Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see “—<i>Selling Restrictions</i>”.
Change of Control:	If so specified in the applicable Final Terms (or in the case of Exempt Notes, the applicable Pricing Supplement), each investor will have the right to require the redemption of its Notes upon the Government ceasing to own (directly or indirectly) all of the issued

	share capital of the Company.
Denomination of Notes:.....	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer 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 “—<i>Selling Restrictions</i>”, and save that the minimum denomination of each Note (other than an Exempt Note) will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). The minimum aggregate principal amount of Notes which may be purchased by a QIB that is also a QP pursuant to Rule 144A is U.S.\$200,000 (or the approximate equivalent thereof in any other currency). Unless otherwise stated in the applicable Final Terms, the minimum denomination of each Legended Note will be U.S.\$200,000 or U.S.\$500,000 in the case of each Definitive IAI Registered Note or their approximate equivalent in other Specified Currencies.
Taxation:.....	All payments in respect of the Notes and Coupons will be made without deduction for or on account of present or future withholding taxes imposed by any Tax Jurisdiction as provided in Condition 9. In the event that any such deduction is made, the Issuer or, as the case may be, the Guarantor will, save in certain limited circumstances provided in Condition 9, be required to pay additional amounts to cover the amounts so deducted.
Negative Pledge and Asset Sales:.....	The terms of the Notes will contain a negative pledge provision as further described in Condition 4. The Guarantee will contain a negative pledge provision and a covenant relating to asset sales, each as further described in Condition 4.
Cross Default:	The terms of the Notes will contain a cross default provision as further described in Condition 11.
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves 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 the Issuer, from time to time outstanding.
Guarantee:.....	The Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee will be direct, unconditional, unsubordinated and (subject to the provisions of clause 6 of the Guarantee (as described in Condition 4)) unsecured obligations of the Guarantor 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 the Guarantor from time to time outstanding.

Rating:	Series of the Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms (or in the case of Exempt Notes, the applicable Pricing Supplement) and will not necessarily be the same as the rating(s) assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Listing and admission to trading:.....	Application has been made to the UK Listing Authority for Notes issued under the Programme (other than Exempt Notes) to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market. Exempt 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 and the relevant Dealer in relation to the Series or may be neither listed nor admitted to trading on any market.
Governing Law:	The Notes, the Guarantee and any non-contractual obligations arising out of or in connection with the Notes or the Guarantee, as the case may be, will be governed by, and construed in accordance with, English law.
Clearing Systems:	Euroclear and/or Clearstream, Luxembourg and/or DTC or, in relation to any Tranche of Notes, any other clearing system.
Selling Restrictions:.....	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom and the Netherlands), Japan, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, Qatar, Singapore and Hong Kong and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see " <i>Subscription and Sale and Transfer and Selling Restrictions</i> " and " <i>Certain ERISA Considerations</i> ".
United States Selling Restrictions:	Regulation S, Category 2. Rule 144A and 3(c)(7) QPs/Section 4(a)(2) and TEFRA C/TEFRA D/TEFRA not applicable, as specified in the applicable Final Terms. ERISA restrictions.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Financial Conduct Authority shall be incorporated in, and form part of, this Base Prospectus:

- (a) the auditors' report and audited financial statements of the Issuer for the year ended 31 December 2014;
- (b) the auditors' report and audited financial statements of the Issuer for the year ended 31 December 2015;
- (c) the auditors' report and audited financial statements of the Guarantor for the year ended 31 December 2014;
- (d) the auditors' report and audited financial statements of the Guarantor for the year ended 31 December 2015;
- (e) the Terms and Conditions of the Notes contained on pages 46 to 76 (inclusive) in the Base Prospectus dated 28 April 2009 prepared by the Issuer in connection with the Programme;
- (f) the Terms and Conditions of the Notes contained on pages 52 to 83 (inclusive) in the Base Prospectus dated 12 May 2010 prepared by the Issuer in connection with the Programme;
- (g) the Terms and Conditions of the Notes contained on pages 61 to 91 (inclusive) in the Base Prospectus dated 13 April 2011 prepared by the Issuer in connection with the Programme, together with the supplement to the base prospectus dated 23 November 2011 recording amendments to those Terms and Conditions;
- (h) the Terms and Conditions of the Notes contained on pages 75 to 111 (inclusive) in the Base Prospectus dated 8 May 2012 prepared by the Issuer in connection with the Programme; and
- (i) the Terms and Conditions of the Notes contained on pages 80 to 116 (inclusive) in the Base Prospectus dated 23 April 2014 prepared by the Issuer in connection with the Programme.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive and relevant implementing measures in the United Kingdom. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London. In addition, copies of such documents will be available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at <http://londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

Any other information incorporated by reference that is not included in the cross-reference list above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of the Prospectus Regulation.

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

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

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A or otherwise in private transactions that are exempt from the registration requirements of the Securities Act.

BEARER NOTES

Each Tranche of Bearer Notes will be in bearer form and will initially be issued in the form of a temporary bearer global note (a **Temporary Bearer Global Note**) or, if so specified in the applicable Final Terms (or in the case of Exempt Notes, the applicable Pricing Supplement), a permanent bearer global note (a **Permanent Bearer Global Note**) and, together with a Temporary Bearer Global Note, each a **Bearer Global Note** which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depository (the **Common Depository**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**).

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for: (i) interests in a Permanent Bearer Global Note of the same Series; or (ii) for definitive Bearer Notes (each, a **Definitive Bearer Note**) of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms (or in the case of Exempt Notes, the applicable Pricing Supplement) and subject, in the case of Definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms (or in the case of Exempt Notes, the applicable Pricing Supplement)), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive Definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for Definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

The applicable Final Terms (or in the case of Exempt Notes, the applicable Pricing Supplement), will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Bearer Notes with, where applicable, interest coupons and talons attached upon either: (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein; or (b) only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that: (i) an Event of Default (as defined in Condition 11) has occurred and is continuing; or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14

days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The exchange of a Permanent Bearer Global Note for definitive Bearer Notes upon notice from Euroclear and/or Clearstream Luxembourg (acting on the instructions of any holder) or at any time at the request of the Issuer should not be expressed to be applicable in the applicable Final Terms if the Bearer Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency). Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Bearer Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for definitive Notes.

The following legend will appear on all Bearer Notes (other than Temporary Bearer Global Notes) and on all interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that U.S. holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

REGISTERED NOTES

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a **Regulation S Global Note**). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions: (i) to persons who are both QIBs and QPs; or (ii) to persons who are both Institutional Accredited Investors and who execute and deliver an IAI Investment Letter in which they agree, among other things, to purchase the Notes for their own account and not with a view to the distribution thereof and QPs. The Registered Notes of each Tranche sold to QIBs that are also QPs will be represented by a global note in registered form (a **Rule 144A Global Note** and, together with a Regulation S Global Note, each a **Registered Global Note**). No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.\$200,000 (or its foreign currency equivalent) principal amount.

Registered Global Notes will either: (i) be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (**DTC**); or (ii) be deposited with a common depository for, and

registered in the name of the nominee for the Common Depositary of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms (or in the case of Exempt Notes, the applicable Pricing Supplement). Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

The Registered Notes of each Tranche sold to Institutional Accredited Investors that are also QPs will be in definitive form, registered in the name of the holder thereof (**Definitive IAI Registered Notes**). Unless otherwise set forth in the applicable Final Terms (or in the case of Exempt Notes, the applicable Pricing Supplement), Definitive IAI Registered Notes will be issued only in minimum denominations of U.S.\$500,000 and integral multiples of U.S.\$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency). Definitive IAI Registered Notes will be subject to the restrictions on transfer set forth therein and will bear the restrictive legend described under “*Subscription and Sale and Transfer and Selling Restrictions*”. Institutional Accredited Investors that hold Definitive IAI Registered Notes may not elect to hold such Notes through DTC, Euroclear or Clearstream, Luxembourg, but transferees acquiring such Notes in transactions exempt from Securities Act registration pursuant to Regulation S or Rule 144A under the Securities Act (if available) may do so upon satisfaction of the requirements applicable to such transfer as described under “*Subscription and Sale and Transfer and Selling Restrictions*”. The Registered Global Notes and the Definitive IAI Registered Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 7(d)) as the registered holder of the Registered Global Notes. None of the Issuer, the Guarantor, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7(d)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that: (i) an Event of Default has occurred and is continuing; (ii) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depositary for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no alternative clearing system is available; (iii) in the case of Notes registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available; or (iv) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

TRANSFER OF INTERESTS

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note or in the form of a Definitive IAI Registered Note and Definitive IAI Registered Notes may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such Notes in the form of an interest in a Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see “*Subscription and Sale and Transfer and Selling Restrictions*”.**

GENERAL

Pursuant to the Agency Agreement, the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms (or in the case of Exempt Notes, the applicable Pricing Supplement).

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 11. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg and DTC on and subject to the terms of a deed of covenant dated 29 April 2016 and executed by the Issuer. In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC's standard operating procedures.

The Issuer and the Guarantor may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event, other than where such Notes are Exempt Notes, a new Base Prospectus or a supplement to the Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes which are not Exempt Notes and which have a denomination of €100,000 (or its equivalent in any other currency) or more issued under the Programme.

[Date]

MDC – GMTN B.V.

**Issue of [Aggregate Nominal Amount of Tranche][Title of Notes]
under the Global Medium Term Note Programme**

Guaranteed by Mubadala Development Company PJSC

PART A — CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 29 April 2016 [and the supplement[s] to it dated [] [and []] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**). 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 the Base Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at the registered office of the Issuer during normal business hours at Schiphol Boulevard 231, 1118 BH Amsterdam Schiphol, the Netherlands and copies may be obtained from the registered office of the Principal Paying Agent during normal business hours at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom. The Base Prospectus, and in the case of Notes admitted to trading on the regulated market of the London Stock Exchange, the applicable Final Terms will also be published on the website of the London Stock Exchange (<http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>).]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated [] [and the supplement to it dated []] which are incorporated by reference in the Base Prospectus dated []. 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 the Base Prospectus dated [] [and the supplement[s] to it dated [] [and []] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated. Copies of the Base Prospectus are available for viewing at the registered office of the Issuer during normal business hours at Schiphol Boulevard 231, 1118 BH Amsterdam Schiphol, the Netherlands and copies may be obtained from the registered office of the Principal Paying Agent during normal business hours at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom. The Base Prospectus, and in the case of Notes admitted to trading on the regulated market of the London Stock Exchange, the applicable Final Terms will also be published on the website of the London Stock Exchange (<http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>).]

- | | | | |
|----|-----|----------------|-----------------------------------|
| 1. | (a) | Issuer: | MDC – GMTN B.V. |
| | (b) | Guarantor: | Mubadala Development Company PJSC |
| 2. | (a) | Series Number: | [] |

- (b) Tranche Number: []
- (c) Date on which the Notes will be consolidated and form a single Series; The Notes will be consolidated and form a single Series with [] on [the Issue Date/exchange of the Temporary Bearer Global Note for interests in the Permanent Bearer Global Note, as referred to in paragraph [] below, which is expected to occur on or about []/[Not Applicable]
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 []]
6. (a) Specified Denominations: []
- (b) Calculation Amount: []
7. (a) Issue Date: []
- (b) Interest Commencement Date: []/Issue Date/Not Applicable]
8. Maturity Date: []/[Interest Payment Date falling in or nearest to []]
9. Interest Basis: [[] per cent. Fixed Rate]
[[[LIBOR/LIBID/LIMEAN/EURIBOR/SHIBOR/HIBOR/CNH HIBOR/TRLIBOR or TRYLIBOR/SIBOR/EIBOR/TIBOR/SAIBOR/BBSW/AUD LIBOR/JPYLIBOR/PRIBOR]] +/- [] per cent. Floating Rate]
[Zero Coupon]
(see paragraph 15 below)
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [] per cent. of their nominal amount
11. Change of Interest Basis: []/[Not Applicable]
12. Put/Call Options: [Investor Put]
[Change of Control Put]
[Issuer Call]

13. (a) Status of the Notes: Senior
- (b) Status of the Guarantee: Senior
- (c) [Date of [Board] approval for issuance of Notes [and Guarantee] obtained:] [] [and [], respectively]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions: [Applicable/Not Applicable]
- (a) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [] in each year [up to and including the Maturity Date]
- (c) Fixed Coupon Amount(s): [] per Calculation Amount
- (d) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []/[Not Applicable]
- (e) Day Count Fraction: [30/360]/[Actual/Actual (ICMA)]
- (f) Determination Date(s): [[] in each year]/[Not Applicable]
15. Floating Rate Note Provisions: [Applicable/Not Applicable]
- (a) Specified Period(s)/Specified Interest Payment Dates: [], subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to any adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[]][Not Applicable]
- (c) Additional Business Centre(s): []
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): []

- (f) Screen Rate Determination:
- Reference Rate: [] month
[[LIBOR/LIBID/LIMEAN/EURIBOR/SHIBOR/HIBOR/CNH HIBOR/TRLIBOR or TRYLIBOR/SIBOR/EIBOR/TIBOR/SAIBOR/BBSW/AUD LIBOR/JPYLIBOR/PRIBOR]]
 - Interest Determination Date(s): []
 - Relevant Screen Page: []
 - Relevant Financial Centre: []
 - Relevant Time: []
- (g) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
 - ISDA Definitions: [2000/2006]
- (h) Linear Interpolation: [Not Applicable/Applicable – the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (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/Actual] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond basis] 30E/360 (ISDA)]
16. Zero Coupon Note Provisions: [Applicable/Not Applicable]
- (a) Accrual Yield: [] per cent. per annum
 - (b) Reference Price: []
[30/360] [Actual/360][Actual/365]
 - (c) Day Count Fraction in relation to Early Redemption Amounts:

PROVISIONS RELATING TO REDEMPTION

17. Notice period for Condition 8(b): Minimum Period: [] days
Maximum Period: [] days
18. Issuer Call: [Applicable/Not Applicable]
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount [[] per Calculation Amount]/[[]
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [] per Calculation Amount
- (ii) Maximum Redemption Amount: [] per Calculation Amount
- (d) Notice periods Minimum Period: [] days
Maximum Period: [] days
19. Investor Put: [Applicable/Not Applicable]
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount [[] per Calculation Amount]/[]
- (c) Notice periods Minimum Period: [] days
Maximum Period: [] days
20. Change of Control Put: [Applicable/Not Applicable]
- (a) Change of Control Redemption Amount: [[] per Calculation Amount]/[[]]
- (b) Notice Periods:: Minimum Period: [] days
Maximum Period: [] days
21. Final Redemption Amount: [] per Calculation Amount]
22. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [Not Applicable]/[Final Redemption Amount]/[[] per Calculation Amount]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of Notes: [Bearer Notes]
- [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/upon an Exchange Event]]
- [Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Bearer Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/upon an Exchange Event]]
- [Registered Notes:
- [Regulation S Global Note registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]]
- [Rule 144A Global Note registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]]
- [Definitive IAI Registered Notes]
24. Additional Financial Centre(s): [Not Applicable]/[]
25. Talons for future Coupons to be attached to Definitive Notes in bearer form: [Yes as the Notes have more than 27 coupon payment, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
26. Redenomination applicable: Redenomination [not] applicable
27. U.S. Selling Restrictions: [Regulation S Category 2; [Rule 144A and 3(c)(7) QPs/ Section 4(a)(2)] [TEFRA D/TEFRA C/TEFRA not applicable]]
- Signed on behalf of MDC – GMTN B.V.: Signed on behalf of Mubadala Development Company PJSC:
- By: _____ By: _____
- Duly authorised Duly authorised

By: _____
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading: Application [has been][is expected to be] 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, to the Official List of the UK Listing Authority with effect from []
- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]: [] by [].
[Each of [] is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**)]

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

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

4. 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.

5. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) CUSIP: []
- (iv) CINS: []
- (v) Delivery: Delivery [against/free of] payment

(vi) Names and addresses of additional []
Paying Agent(s) (if any):

APPLICABLE PRICING SUPPLEMENT

EXEMPT NOTES OF ANY DENOMINATION

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes which are Exempt Notes, whatever the denomination of those Notes, issued under the Programme.

NO BASE PROSPECTUS IS REQUIRED TO BE PROVIDED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC (AS AMENDED, INCLUDING BY DIRECTIVE 2010/73/EU), AND INCLUDES ANY RELEVANT IMPLEMENTING MEASURES IN A RELEVANT MEMBER STATE OF THE EUROPEAN ECONOMIC AREA FOR THE ISSUE OF NOTES DESCRIBED BELOW, THE UK LISTING AUTHORITY HAS NEITHER APPROVED NOR REVIEWED THE INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT.

[Date]

MDC – GMTN B.V.

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the Global Medium Term Note Programme**

Guaranteed by Mubadala Development Company PJSC

PART A – CONTRACTUAL TERMS

Any person making or intending to make an offer of the 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 to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Base Prospectus dated 29 April 2016 [as supplemented by the supplement[s] dated [date[s]]] (the **Base Prospectus**). Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. Copies of the Base Prospectus may be obtained from the registered office of the Principal Paying Agent during normal business hours at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus [dated [] which are incorporated by reference in the Base Prospectus].¹

[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Pricing Supplement.]

[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 Only include this language where it is a fungible issue and the original Tranche was issued under a Base Prospectus with a different date.

1. (a) Issuer: MDC – GMTN B.V.
 - (b) Guarantor: Mubadala Development Company PJSC
2. (a) Series Number: []
- (b) Tranche Number: []
- (c) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Bearer Global Note for interests in the Permanent Bearer Global Note, as referred to in paragraph [] below, which is expected to occur on or about [*date*]]/[Not Applicable]
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: []
- (b) Calculation Amount: []
(*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: 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*]]
9. Interest Basis: [[] per cent. Fixed Rate]
[[LIBOR/LIBID/LIMEAN/EURIBOR/SHIBOR/HIBOR/
CNH HIBOR/ TRLIBOR or TRYLIBOR
/SIBOR/EIBOR/TIBOR/SAIBOR/BBSW/AUD
LIBOR/JPYLIBOR/PRIBOR/*specify Reference Rate*]] +/-
[] per cent. Floating Rate]
(further particulars specified below)

10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the maturity date at [] per cent. of their nominal amount
11. Change of Interest Basis or Redemption/Payment Basis: *[Specify the date where any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify here]*
[Not Applicable]
12. Put/Call Options: [Investor Put]
[Change of Control Put]
[Issuer Call]
13. (a) Status of the Notes: Senior
(b) Status of the Guarantee: Senior

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. 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 in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [] in each year [up to and including the Maturity Date]
(Amend appropriately in the case of irregular coupons)
- (c) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form.)
- (d) Broken Amount(s): [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []]/[Not Applicable]
(Applicable to Notes in definitive form.)
- (e) Day Count Fraction: [30/360/Actual/Actual (ICMA)/specify other]
- (f) Determination Date(s): [[] in each year]/[Not Applicable]
(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]
15. 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: [], subject to adjustment in accordance with the Business day Convention set out in (b) below/, not subject

to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]

- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/[specify other]] [Not Applicable]
- (c) Additional Business Centre(s): []
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []
- (f) Screen Rate Determination:
- Reference Rate: [] month
[[LIBOR/LIBID/LIMEAN/EURIBOR/SHIBOR/HIBOR/ CNH HIBOR/ TRLIBOR or TRYLIBOR /SIBOR/EIBOR/TIBOR/SAIBOR/BBSW/AUD LIBOR/JPYLIBOR/PRIBOR/specify other Reference Rate].
 - 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)
 - Relevant Financial Centre []
 - Relevant Time []
- (g) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
 - ISDA Definitions: [2000/2006]

- (h) Linear Interpolation: [Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (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/Actual]
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
30E/360 (ISDA)
Other]
- (m) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes which are Exempt Notes, if different from those set out in the Conditions: []
16. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Accrual Yield: [] per cent. per annum
- (b) Reference Price: []
- (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360]
[Actual/365]

PROVISIONS RELATING TO REDEMPTION

17. Notice periods for Condition 8(b): Minimum period: [] days
Maximum period: [] days
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

18. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount: [[] per Calculation Amount]/[]
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
- (d) Notice periods: Minimum period: [] days
Maximum period: [] days
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
19. Investor Put: [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]/[[]]
- (c) Notice periods: Minimum period: [] days
Maximum period: [] days
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
20. Change of Control Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Amount: [[] per Calculation Amount]/[]

(b) Notice Periods: Minimum period: [] days
Maximum period: [] days

(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

21. Final Redemption Amount: [[] per Calculation Amount]/[]]

22. Early Redemption Amount payable on [] per Calculation Amount
redemption for taxation reasons or on
event of default:

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of Notes: [Bearer Notes]

[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]

[Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Bearer Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]

[Registered Notes:

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

[Rule 144A Global Note registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]

[Definitive IAI Registered Notes]

(In the case of an issue with more than one Global Note or a combination of one or more Global Notes and Definitive IAI Notes, specify the nominal amounts of each Global Note and, if applicable, the aggregate nominal amount of all Definitive IAI Notes if such information is available)

(Note—minimum purchase amount for Notes sold pursuant to Rule 144A is U.S.\$200,000 and minimum denomination for Definitive IAI Registered Notes is U.S.\$500,000)

- | | | |
|-----|---|---|
| 24. | Additional Financial Centre(s): | [Not Applicable/give details]
<i>(Note that this paragraph relates to the date of payment and not Interest Period end dates to which sub-paragraph 15(c) relates)</i> |
| 25. | Talons for future Coupons to be attached to Definitive Notes: | [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No] |
| 26. | Redenomination applicable: | Redenomination [not] applicable

<i>(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))</i> |
| 27. | U.S. Selling Restrictions: | Reg. S Compliance Category [1/2/3]; [TEFRA D/TEFRA C/TEFRA not applicable] |
| 28. | Other terms or special conditions: | [Not Applicable/give details] |

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement. *[[Relevant third party information]* has been extracted from *[specify source]*. The Issuer 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 MDC – GMTN B.V:

Signed on behalf of Mubadala Development Company PJSC:

By:

By:

Duly authorised

Duly authorised

PART B – OTHER INFORMATION

1. LISTING [Not Applicable]

2. RATINGS

Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated *[insert details]* by *[insert the legal name of the relevant credit rating agency entity(ies)]*.
(The above disclosure is only required if the ratings of the Notes are different to those stated in the Base Prospectus)

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*]

4. OPERATIONAL INFORMATION

(i) ISIN Code: []

(ii) Common Code: []

(iii) CUSIP: []

(iv) CINS: []

(v) Delivery: Delivery [against/free of] payment

(vi) Names and addresses of []
additional Paying Agent(s) (if
any):

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which (save for the text in italics) will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or in the case of Exempt Notes, the applicable Pricing Supplement (as defined below)) in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, supplement the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or in the case of Exempt Notes, the applicable Pricing Supplement) (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to “Form of the Notes” for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by MDC – GMTN B.V. (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (ii) any Global Note;
- (iii) any definitive Notes in bearer form (**Bearer Notes**) issued in exchange for a Global Note in bearer form; and
- (iv) any definitive Notes in registered form (**Registered Notes**) (whether or not issued in exchange for a Global Note in registered form).

The Notes and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement (such Amended and Restated Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 29 April 2016 and made between the Issuer, Mubadala Development Company PJSC (the **Guarantor**) as guarantor, Citibank, N.A. as issuing and principal paying agent and agent bank (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and as exchange agent (the **Exchange Agent**, which expression shall include any successor exchange agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents) and Citigroup Global Markets Deutschland AG as registrar (the **Registrar**, which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents).

In the case of a Tranche of Notes which will not be admitted to listing, trading on a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC) in the European Economic Area and/or quotation by any competent authority, stock exchange and/or quotation system (being **Exempt Notes**) and, accordingly, for which no base prospectus is required to be produced in accordance with Directive 2003/71/EC, (as amended, including by Directive 2010/73/EU, and includes any relevant implementing measure in a relevant Member State of the European Economic Area) (the **Prospectus Directive**), a pricing supplement (a **Pricing Supplement**) will be issued describing the final terms of such Tranche of Exempt Notes. Each reference in these terms and conditions to Final Terms shall, in the case of a Tranche of Exempt Notes, be read and construed as a reference to such Pricing Supplement unless the context requires otherwise.

Interest bearing Bearer Notes in definitive form (**Definitive Bearer Notes**) have interest coupons (**Coupons**) and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the **Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the **applicable Final Terms** unless otherwise stated are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

The payment of all amounts in respect of this Note have been guaranteed by the Guarantor pursuant to a guarantee (such guarantee as modified and/or supplemented and/or restated from time to time) (the **Guarantee**) dated 29 April 2016 and executed by the Guarantor. The original of the Guarantee is held by the Principal Paying Agent on behalf of the Noteholders and the Couponholders at its specified office.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean (in the case of Bearer Notes) the bearers of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

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

The Noteholders, and the Couponholders are entitled to the benefit of the Deed of Covenant (the **Deed of Covenant**) dated 29 April 2016 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement, the Guarantee, a deed poll (the **Deed Poll**) dated 29 April 2016 and made by the Issuer and the Guarantor and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Principal Paying Agent, the Registrar, the other Paying Agents, the Exchange Agent and the other Transfer Agents (such Agents and the Registrar being together referred to as the **Agents**). Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer and of the Principal Paying Agent and copies may be obtained from those offices save that, if this Note 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, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. If the Notes are admitted to trading on the regulated market of the London Stock Exchange the applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Guarantee, the Deed Poll, the Deed of Covenant and the applicable Final Terms which are applicable to them. The provisions in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement, the Guarantee and the Deed of Covenant.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise

stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the applicable Final Terms (or in the case of Exempt Notes, the applicable Pricing Supplement) and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denomination (the Specified Denomination(s)) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes, in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking, S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Guarantor and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

For so long as The Depository Trust Company (**DTC**) or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in

the applicable Final Terms or as may otherwise be approved by the Issuer and the Principal Paying Agent.

2. TRANSFERS OF REGISTERED NOTES

(a) *Transfers of interests in Registered Global Notes*

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

(b) *Transfers of Registered Notes in definitive form*

Subject as provided in paragraphs (e), (f) and (g) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (ii) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 10 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), deliver, or procure the delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so delivered or (at the risk of the transferor) sent to the transferor. A Registered Note may not be transferred unless the nominal amount of Registered Notes transferred and (where not all of the Registered Notes held by a transferor are being transferred) the nominal amount of the balance of Registered Notes not transferred are Specified Denominations.

(c) *Registration of transfer upon partial redemption*

In the event of a partial redemption of Notes under Condition 8, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(d) *Costs of registration*

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(e) *Transfers of interests in Regulation S Global Notes*

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

- (i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a **Transfer Certificate**), copies of which are available from the specified office of any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made:
 - (A) to a person whom the transferor reasonably believes is both a QIB and a QP in a transaction meeting the requirements of Rule 144A; or
 - (B) to a person who is both an Institutional Accredited Investor and a QP,together with, in the case of (B) above, a duly executed investment letter from the relevant transferee substantially in the form set out in the Agency Agreement (an **IAI Investment Letter**); or
- (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (A) above, such transferee may take delivery through a Legended Note in global or definitive form and, in the case of (B) above, such transferee may take delivery only through a Legended Note in definitive form. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Notes registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

(f) *Transfers of interests in Legended Notes*

Transfers of Legended Notes or beneficial interests therein may be made:

- (i) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, in the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or

- (ii) to a transferee who takes delivery of such interest through a Legended Note:
 - (A) where the transferee is a person whom the transferor reasonably believes is both a QIB and a QP in a transaction meeting the requirements of Rule 144A, without certification; or
 - (B) where the transferee is an Institutional Accredited Investor that is also a QP, subject to delivery to the Registrar of a Transfer Certificate from the transferor to the effect that such transfer is being made to an Institutional Accredited Investor that is also a QP, together with a duly executed IAI Investment Letter from the relevant transferee; or
- (iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Notes transferred by Institutional Accredited Investors to QIBs who are also QPs pursuant to Rule 144A or outside the United States to non-U.S. persons pursuant to Regulation S will be eligible to be held by such QIBs or non-U.S. investors through DTC, Euroclear or Clearstream, Luxembourg, as appropriate, and the Registrar will arrange for any Notes which are the subject of such a transfer to be represented by the appropriate Registered Global Note, where applicable.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

(g) *Exchanges and transfers of Registered Notes generally*

Holders of Registered Notes in definitive form, other than Institutional Accredited Investors, may exchange such Notes for interests in a Registered Global Note of the same type at any time.

(h) *Compulsory Sale*

The Issuer may compel any beneficial owner of an interest in a Rule 144A Note to sell its interest in such Note, or may sell such interest on behalf of such holder, if such holder is a U.S. person (as defined in Regulation S) that is neither a QIB who is also a QP, nor an Institutional Accredited Investor who is also a QP.

(i) *Definitions*

In this Condition 2, the following expressions shall have the following meanings:

Distribution Compliance Period means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

Institutional Accredited Investor means accredited investors (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that are institutions;

Investment Company Act means the United States Investment Company Act of 1940, as amended;

Legended Note means Registered Notes in definitive form that are issued to Institutional Accredited Investors that are also QPs and Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs that are also QPs in accordance with the requirements of Rule 144A which bear a legend specifying certain restrictions on transfer (a **Legend**);

QIB means a “qualified institutional buyer” within the meaning of Rule 144A;

QP means a qualified purchaser within the meaning of Section 2(a)(51)(A) of the Investment Company Act and the rules and regulations thereunder;

Regulation S means Regulation S under the Securities Act;

Regulation S Global Note means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

Rule 144A means Rule 144A under the Securities Act;

Rule 144A Global Note means a Registered Global Note representing Notes sold in the United States or to persons that are both QIBs and QPs; and

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

3. STATUS OF THE NOTES AND THE GUARANTEE

(a) *Status of the Notes*

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and 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.

(b) *Status of the Guarantee*

The obligations of the Guarantor under the Guarantee are direct, unconditional, unsubordinated and (subject to the provisions of clause 6 of the Guarantee) unsecured obligations of the Guarantor and (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor from time to time outstanding.

A summary of clause 6 of the Guarantee is set out in italics at the end of Condition 4.

4. NEGATIVE PLEDGE

So long as any Note remains outstanding (as defined in the Agency Agreement), the Issuer will not 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 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 the same security as is created or subsisting to secure any such Relevant Indebtedness,

guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

In these Conditions:

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

Permitted Security Interest means:

- (i) any Security Interest existing on the date on which agreement is reached to issue the first Tranche of the Notes;
- (ii) any Security Interest securing Relevant Indebtedness of a person existing at the time that such person is merged into, or consolidated with, the Issuer, provided that such Security Interest was not created in contemplation of such merger or consolidation and does not extend to any other assets or property of the Issuer;
- (iii) any Security Interest existing on any property or assets prior to the acquisition thereof by the Issuer and not created in contemplation of such acquisition; or
- (iv) any renewal of or substitution for any Security Interest permitted by any of paragraphs (i) to (iii) (inclusive) of this definition, provided that with respect to any such Security Interest the principal amount secured has not increased and the Security Interest has not been extended to any additional assets (other than the proceeds of such assets);

Relevant Indebtedness means any indebtedness, other than indebtedness incurred in connection with a Non-recourse Project Financing or a Securitisation, which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange, over-the-counter or other securities market; and

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

Guarantor negative pledge and asset sale covenants: *The Guarantor has agreed in clause 6 of the Guarantee that, so long as any Note remains outstanding (as defined in the Agency Agreement), the Guarantor will not and will ensure that none of its Subsidiaries will create, or have outstanding, any Security Interest, other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues 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 its obligations under the Guarantee in respect of the Notes the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders. For this purpose, the expressions "Permitted Security Interest", "Relevant Indebtedness" and "Security Interest" have the respective meanings set out in the Guarantee, which meanings are*

substantially similar to those set out above in Condition 4, provided that paragraph (ii) of the definition of “Permitted Security Interest” in Clause 6 of the Guarantee applies also to Relevant Indebtedness of a person existing at the time that such person becomes a Subsidiary of the Guarantor or one of its Subsidiaries, provided that such Security Interest was not created in contemplation of such Person becoming a Subsidiary of the Guarantor or any of its Subsidiaries and does not extend to any other assets or property of the Issuer and the expression “Subsidiary” has the meaning set out below. Investors should note that the negative pledge described above is different from that which applies to issues made under the Programme prior to 15 November 2011 in that the proviso referred to in the previous sentence does not apply to previous issues.

In addition, the Guarantor has agreed in Clause 7 of the Guarantee that, so long as any Note remains outstanding, the Guarantor will not, and will ensure that none of its Subsidiaries will, enter into any Asset Sale of an asset with a book value (as determined by reference to the most recently available financial statements of the Guarantor (or the relevant Subsidiary, as the case may be), prepared in accordance with Relevant GAAP) that exceeds the higher of U.S.\$300 million or three per cent. of the consolidated total assets of the Guarantor (as determined by reference to the Relevant Accounts), unless such Asset Sale shall have been approved by the Board of Directors of the Guarantor. A certified copy of the relevant resolution to that effect, or a certified extract of the minutes of the meeting at which the resolution to that effect was passed recording the passing of such resolution, in each case prepared by the Guarantor’s company secretary, shall be conclusive evidence of such approval, shall be filed with the Principal Paying Agent within 30 business days of the date of passing of the relevant resolution and shall be available for inspection by the Noteholders during normal business hours at the specified office of the Principal Paying Agent. For this purpose:

Asset Sale means any sale, lease, sale and lease-back, transfer or other disposition by the Guarantor or any of its Subsidiaries of all or any of the legal or beneficial interest in either any Capital Stock of any Subsidiary or Joint Venture Company or all or substantially all of the property, assets and business of any Subsidiary or Joint Venture Company (in one or more connected transactions) to any Person who is not a member of the Group at such time.

Capital Stock means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person’s equity, including any preferred stock of such Person, whether now outstanding or issued after the date hereof, including, without limitation, all series and classes of such Capital Stock.

Joint Venture Company means an entity which is, at any particular time, jointly controlled (whether directly or indirectly) by the Guarantor and any other Person or Persons. For the purposes of this definition, an entity shall be considered as being jointly controlled by the Guarantor and such other Person or Persons if it is accounted for as a jointly controlled entity in the Relevant Accounts.

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

Relevant Accounts means, at any time, the most recently available consolidated audited financial statements of the Guarantor, prepared in accordance with Relevant GAAP.

Relevant GAAP means International Financial Reporting Standards or such other international financial reporting standards as may be adopted from time to time by the Guarantor.

Subsidiary in relation to the Guarantor means, at any particular time, any person other than a Joint Venture Company (the **first person**):

- (a) which is then directly or indirectly controlled by the Guarantor; or

- (b) *more than 50 per cent. of whose issued equity share capital (or equivalent) is then beneficially owned by the Guarantor; or*
- (c) *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 Guarantor.*

*For the first person to be **controlled** by the Guarantor means that the Guarantor (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 the first person.*

5. **REDENOMINATION**

(a) *Redenomination*

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders and the Couponholders, on giving prior notice to the Principal Paying Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 15, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (i) the Notes shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Note equal to the nominal amount of that Note in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Principal Paying Agent, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Agents of such deemed amendments;
- (ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (iii) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer (a) in the case of Relevant Notes in the denomination of euro 100,000 and/or such higher amounts as the Principal Paying Agent may determine and notify to the Noteholders and any remaining amounts less than euro 100,000 shall be redeemed by the Issuer and paid to the Noteholders in euro in accordance with Condition 7; and (ii) in the case of Notes which are not Relevant Notes, in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Principal Paying Agent may approve) euro 0.01 and such other denominations as the Principal Paying Agent shall determine and notify to the Noteholders;
- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Notes and Coupons are available for exchange (provided that such

securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes so issued will also become void on that date although those Notes will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes and Coupons will be issued in exchange for Notes and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

- (v) after the Redenomination Date, all payments in respect of the Notes and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
- (vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:
 - (a) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note; and
 - (b) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding; and

- (vii) if the Notes are Floating Rate Notes, the applicable Final Terms will complete the provisions relating to interest.

(b) *Definitions*

In these Conditions, the following expressions have the following meanings:

Established Rate means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

euro means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

Redenomination Date means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and which falls on or after the date

on which the country of the Specified Currency first participates in the third stage of European economic and monetary union;

Relevant Notes means all Notes where the applicable Final Terms provide for a minimum Specified Denomination in the Specified Currency which is, or is equivalent to, at least euro 100,000 and which are admitted to trading on a regulated market in the European Economic Area; and

Treaty means the Treaty on the Functioning of the European Union, as amended.

6. INTEREST

(a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (i) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (ii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest, in accordance with this Condition 6(a):

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
 - (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the

Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

- (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

Determination Period means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

(b) *Interest on Floating Rate Notes*

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the **period** from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 6(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month in which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means a day which is:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (B) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open; and
- (C) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of 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 (the **ISDA Definitions**) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is the day specified in the applicable Final Terms.

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

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

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

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) 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 or such replacement page on that service which displays the information as at the Relevant Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying 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 Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

In these Conditions:

Reference Rate means one of the following benchmark rates (as specified in the applicable Final Terms) in respect of the currency and period specified in the applicable Final Terms:

- (A) Euro-Zone interbank offered rate (**EURIBOR**);
- (B) London interbank bid rate (**LIBID**);
- (C) London interbank offered rate (**LIBOR**);
- (D) London interbank mean rate (**LIMEAN**);
- (E) Shanghai interbank offered rate (**SHIBOR**);
- (F) Hong Kong interbank offered rate (**HIBOR**);
- (G) Singapore interbank offered rate (**SIBOR**);
- (H) Emirates interbank offered rate (**EIBOR**);
- (I) Saudi Arabia interbank offered rate (**SAIBOR**);
- (J) Australia Bank Bill Swap (**BBSW**);
- (K) Australian dollar LIBOR (**AUD LIBOR**);
- (L) Japanese Yen LIBOR (**JPY LIBOR**);
- (M) Prague interbank offered rate (**PRIBOR**);
- (N) CNH Hong Kong interbank offered rate (**CNH HIBOR**);
- (O) Turkish Lira interbank offered rate (**TRLIBOR** or **TRYLIBOR**); and
- (P) Tokyo interbank offered rate (**TIBOR**);

Relevant Financial centre shall mean (i) London, in the case of a determination of LIBOR; (ii) Brussels, in the case of a determination of EURIBOR; (iii) Tokyo, in the case of a determination of TIBOR; or (iv) Hong Kong, in the case of a determination of HIBOR, as specified in the applicable Final Terms, or such other financial centre as specified in the relevant Final Terms (or Pricing Supplement, as applicable); and

Relevant Time shall mean (i) in the case of LIBOR, 11.00 a.m.; (ii) in the case of EURIBOR, 11.00 a.m.; (iii) in the case of TIBOR, 11.00 a.m.; or (iv) in the case of HIBOR, 11.00 a.m., in each case in the Relevant Financial Centre, or such other time as specified in the relevant Final Terms (or Pricing Supplement, as applicable).

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(iii) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) *Determination of Rate of Interest and calculation of Interest Amounts*

The Principal Paying Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 6(b):

- (A) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (x) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (y) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (B) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (C) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (D) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

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

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

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

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

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

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case **D₂** will be 30;

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

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

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D₁** will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest 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 **D₂** will be 30.

(v) **Linear Interpolation**

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

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(vi) *Notification of Rate of Interest and Interest Amounts*

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer the Paying

Agents and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 15. For the purposes of this paragraph (v), the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vii) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6(b), whether by the Principal Paying Agent, shall (in the absence of wilful default, bad faith or manifest or proven error) be binding on the Issuer, the Guarantor, the Principal Paying Agent, the other Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Guarantor, the Noteholders, the or the Couponholders shall attach to the Principal Paying Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Accrual of interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 15.

7. PAYMENTS

(a) *Method of payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9 and (ii) any withholding or

deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(b) *Presentation of Definitive Bearer Notes and Coupons*

Payments of principal in respect of Definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 9) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any Definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Bearer Note.

(c) *Payments in respect of Bearer Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside

the United States. A record of each payment made against presentation or surrender of any Global Note in bearer form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

(d) *Payments in respect of Registered Notes*

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (A) a holder does not have a Designated Account or (B) the principal amount of the Notes held by a holder is less than U.S.\$200,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition 7 arriving after the due date for payment or being lost in the post.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or

its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer, the Guarantor or the Agents 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 Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(e) *General provisions applicable to payments*

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition 7, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor.

(f) *Payment Day*

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 10) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) in the case of Notes in definitive form only, the relevant place of presentation;
 - (B) each Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (ii) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and

- (iii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open; and
- (iv) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

(g) *Interpretation of principal and interest*

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 9;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 8(e)); and
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 9.

8. REDEMPTION AND PURCHASE

(a) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

(b) *Redemption for tax reasons*

Subject to Condition 8(e), the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Principal Paying Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 or the Guarantor

would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 9) 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, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 8, the Issuer shall deliver to the Principal Paying Agent a certificate signed by two Directors of the Issuer or, as the case may be, two Directors of the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of 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.

Notes redeemed pursuant to this Condition 8(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) *Redemption at the option of the Issuer (Issuer Call)*

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 15 (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**) and (ii) in the case of Redeemed Notes represented by Global Notes, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or DTC. In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 not less than 15 days prior to the date fixed for redemption.

(d) *Redemption at the option of the Noteholders (Investor Put)*

- (i) If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 15 not less than the minimum period nor more than the maximum period of notice, the Issuer will, upon the expiry of such notice, redeem or, at the Issuer's option, purchase (or, if specified in the applicable Final Terms, procure the purchase of), such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed or, as the case may be,

purchased under this Condition 8(d)(i) in any multiple of their lowest Specified Denomination.

- (ii) If Change of Control Put is specified in the applicable Final Terms and if a Change of Control Event occurs, the Issuer will, upon the holder of any Note giving notice within the Change of Control Put Period to the Issuer in accordance with Condition 15 (unless prior to the giving of the relevant Change of Control Notice (as defined below) the Issuer has given notice of redemption under Condition 8(b) or 8(c), redeem or, at the Issuer's option, purchase (or procure the purchase of) such Note on the Change of Control Put Date at the Change of Control Redemption Amount together (if applicable) with interest accrued to but excluding the Change of Control Put Date.

Promptly upon the Issuer or the Guarantor becoming aware that a Change of Control Event has occurred, the Issuer shall give notice (a **Change of Control Notice**) to the Noteholders in accordance with Condition 15 to that effect.

If 75 per cent. or more in nominal amount of the Notes then outstanding have been redeemed or, as the case may be, purchased, pursuant to this Condition 8(d)(ii), the Issuer may, on giving not less than the minimum period nor more than the maximum period of notice as specified in the applicable Final Terms to the Noteholders in accordance with Condition 15 (such notice to be given within 30 days of the Change of Control Put Date), redeem or, at the Issuer's option, purchase (or procure the purchase of) all but not some only of the remaining outstanding Notes at their Change of Control Redemption Amount together (if applicable) with interest accrued to but excluding the date fixed for redemption or purchase, as the case may be.

- (iii) To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 8(d) and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(b). If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream, Luxembourg or DTC, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg, DTC or any depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg and DTC from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC given by a holder of any Note pursuant to this Condition 8(d) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 8(d) and instead to declare such Note forthwith due and payable pursuant to Condition 11.

(iv) For the purpose of these Conditions:

a **Change of Control Event** shall occur each time the government of the Emirate of Abu Dhabi (the **Government**):

- (A) 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
- (B) otherwise ceases to own (directly or indirectly) all of the issued share capital of the Guarantor;

Change of Control Redemption Amount shall mean, in relation to each Note to be redeemed or purchased pursuant to the Change of Control Put Option, an amount equal to the nominal amount of such Note or such other amount as may be specified in the applicable Final Terms;

Change of Control Put Date shall be the tenth day after the expiry of the Change of Control Put Period provided that, if such day is not a day on which banks are open for general business in both London and the principal financial centre of the Specified Currency the Change of Control Put Date shall be the next following day on which banks are open for general business in both London and the principal financial centre of the Specified Currency; and

Change of Control Put Period shall be the period of 30 days commencing on the date that a Change of Control Notice is given.

(e) *Early Redemption Amounts*

For the purpose of paragraph (b) above and Condition 11, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price of the first Tranche of the Series, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^Y$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 60-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

(f) *Purchases*

The Issuer, the Guarantor or any of its other Subsidiaries may at any time purchase Notes (provided that, in the case of Definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Guarantor, surrendered to any Paying Agent and/or the Registrar for cancellation.

(g) *Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph (h) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(h) *Late payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 11 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 15.

9. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or
- (b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 7(f)).

As used herein:

- (i) **Tax Jurisdiction** means the Netherlands or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15.

The Guarantee provides that all payments by or on behalf of the Guarantor under the Guarantee will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the United Arab Emirates or any Emirate therein or any political subdivision or any authority thereof or therein having such power to tax unless such withholding or deduction is required by law. In such event, the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the relevant payee after such withholding or deduction shall equal the respective amounts which would otherwise have been received in the absence of such withholding or deduction, subject to certain limited exceptions substantially similar to those described in paragraphs (a) to (b) above.

10. PRESCRIPTION

The Notes (whether in bearer or registered form) and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 9) therefore.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 10 or Condition 7(b) or any Talon which would be void pursuant to Condition 7(b).

11. EVENTS OF DEFAULT

If any one or more of the following events (each an **Event of Default**) shall occur and be continuing:

- (a) the Issuer fails to pay the principal of, or any interest on, any of the Notes when due and such failure continues for a period of seven Business Days in the case of principal and 14 Business Days in the case of interest; or
- (b) the Issuer or the Guarantor defaults in performance or observance of or compliance with any of its other obligations or undertakings in respect of the Notes or the Guarantee and either such default is not capable of remedy or such default (if capable of remedy) is not remedied within 45 days after written notice of such default shall have been given to the Issuer or the Guarantor (as the case may be) by any Noteholder; or

- (c) the holders of any Indebtedness of the Issuer or the Guarantor accelerate such Indebtedness or declare such Indebtedness to be due and payable or required to be prepaid (other than by a regularly scheduled required prepayment or pursuant to an option granted to the holders by the terms of such Indebtedness), prior to the stated maturity thereof or (ii) the Issuer or the Guarantor fails to pay in full any principal of, or interest on, any of its Indebtedness when due (after expiration of any applicable grace period) or any guarantee of any Indebtedness of others given by the Issuer or the Guarantor shall not be honoured when due and called upon; provided that the aggregate amount of the relevant Indebtedness or guarantee in respect of which one or more of the events mentioned above in this paragraph (c) shall have occurred equals or exceeds U.S.\$50,000,000 (or its equivalent in any other currency or currencies); or
- (d) the Issuer or the Guarantor is adjudicated or found bankrupt or insolvent or any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or the Guarantor, save in connection with a Permitted Reorganisation; or
- (e) proceedings are initiated against the Issuer or the Guarantor under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator, liquidator or other similar official (and such proceedings are not being actively contested in good faith by the Issuer or the Guarantor, as the case may be), or an administrative or other receiver, manager, administrator, liquidator or other similar official is appointed, in relation to the Issuer or the Guarantor or, as the case may be, in relation to all or substantially all of the undertaking or assets of either of them and in any such case (other than the appointment of an administrator) is not discharged within 30 days; or
- (f) the Issuer or the Guarantor initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or enters into any composition or other similar arrangement with its creditors generally save, in all cases, in connection with a Permitted Reorganisation; or
- (g) any event occurs which under the laws of the Netherlands (in the case of the Issuer) or the United Arab Emirates or any Emirate therein (in the case of the Guarantor) has an analogous effect to any of the events referred to in paragraphs (d) to (f) (inclusive) above; or
- (h) any mortgage, charge, pledge, lien or other encumbrance (each a **Security Interest**), present or future, created or assumed by the Issuer or the Guarantor and securing an amount which equals or exceeds U.S.\$50,000,000 (or its equivalent in any other currency or currencies) becomes enforceable and any step is taken to enforce the Security Interest (including the taking of possession or the appointment of a receiver, manager or other similar person, but excluding the issue of any notification to the Issuer or Guarantor, as the case may be, that such Security Interest has become enforceable) unless the full amount of the debt which is secured by the relevant Security Interest is discharged within 30 days of the first date on which a step is taken to enforce the relevant Security Interest; or
- (i) the Guarantee ceases to be, or is claimed by the Issuer or the Guarantor not to be, in full force and effect; or
- (j) the validity of the Notes is contested by the Issuer or the Issuer shall deny any of its obligations under the Notes or as a result of any change in, or amendment to, the laws or regulations in the Netherlands (in the case of the Issuer) or the United Arab Emirates or any Emirate therein (in the case of the Guarantor), which change or amendment takes place after the date on which agreement is reached to issue the first Tranche of the Notes, (i) it becomes unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Agency Agreement, (ii) it becomes unlawful for the Guarantor to perform or

comply with any of its obligations under or in respect of the Guarantee or the Agency Agreement or (iii) any of such obligations becomes unenforceable or invalid,

then any holder of a Note may, by written notice to the Issuer and the Guarantor delivered at the specified office of the Guarantor, effective upon the date of receipt thereof by the Guarantor, declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

For the purposes of the Conditions:

Indebtedness means all obligations, and guarantees or indemnities in respect of obligations, for moneys borrowed or raised (whether or not evidenced by bonds, debentures, notes or other similar instruments); and

Permitted Reorganisation means any composition or other similar arrangement on terms previously approved by an Extraordinary Resolution.

Investors should note that the events described in paragraphs (c) to (h) above are different from those which apply to issues made under the Programme prior to 15 November 2011 in that the equivalent conditions in the previous issues also refer to Principal Subsidiaries and Principal Joint Venture Companies.

12. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

13. AGENTS

The names of the initial Agents and their initial specified offices are set out below. If any additional Agents are appointed in connection with any Series, the names of such Agent will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (c) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City; and

- (d) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 7(e). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 15.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

14. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 10.

15. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London, which is expected to be the *Financial Times*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the third day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying

Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

16. MEETINGS OF NOTEHOLDERS, MODIFICATION AND SUBSTITUTION

(a) *Meetings of Noteholders*

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons, the Guarantee or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or the Guarantor and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Coupons or the Guarantee (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes, altering the currency of payment of the Notes or the Coupons or amending the Deed of Covenant or the Guarantee in certain respects), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

(b) *Modification*

The Issuer or, as the case may be, the Guarantor may, without the consent of the Noteholders or Couponholders, make:

- (a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) to the Notes, the Coupons, the Guarantee, the Deed of Covenant or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (b) any modification to the Notes, the Coupons, the Guarantee, the Deed of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 15 as soon as practicable thereafter.

(c) *Substitution*

The Issuer may, without the consent of the Noteholders, be replaced and substituted by the Guarantor or any other subsidiary of the Guarantor as principal debtor (in such capacity, the **Substituted Debtor**) in respect of the Notes provided that:

- (i) a deed poll and such other documents (if any) shall be executed by the Substituted Debtor, the Issuer and (if the Substituted Debtor is not the Guarantor) the Guarantor as may be necessary to give full effect to the substitution (together the **Documents**) and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder to be bound by the terms and conditions of the Notes and the provisions of the Agency Agreement, the Deed Poll and the Deed of Covenant as fully as if the Substituted Debtor had been named in the Notes, the Agency Agreement, the Deed Poll and the Deed of Covenant as the principal debtor in respect of the Notes in place of the Issuer (or any previous substitute) and (if the Substituted Debtor is not the Guarantor) pursuant to which the Guarantor shall unconditionally and irrevocably guarantee (the **New Guarantee**) in favour of each Noteholder the payment of all sums payable by the Substituted Debtor as such principal debtor on the same terms *mutatis mutandis* as the Guarantee;
- (ii) without prejudice to the generality of Condition 16(c)(i), where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than the Netherlands, the Documents shall contain a covenant by the Substituted Debtor and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 9 with the substitution for the references to the Netherlands of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes;
- (iii) the Issuer shall have delivered or procured the delivery to the Principal Paying Agent of a copy of a legal opinion addressed to the Issuer, the Substituted Debtor and the Guarantor from each of (A) a leading firm of lawyers in the country of incorporation of the Substituted Debtor to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor, (B) in the case where the Substituted Debtor is not the Guarantor, a leading firm of UAE lawyers acting for the Guarantor to the effect that the Documents (including the New Guarantee given by the Guarantor in respect of the Substituted Debtor) constitute legal, valid and binding obligations of the Guarantor and (C) a leading firm of English lawyers to the effect that the Documents (including the New Guarantee given by the Guarantor in respect of the Substituted Debtor) constitute legal, valid and binding obligations of the parties thereto under English law, each such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders at the specified office of the Principal Paying Agent; and
- (iv) any credit rating assigned to the Notes will remain the same or be improved when the Substituted Debtor replaces and substitutes the Issuer in respect of the Notes.

Upon the execution of the Documents, the Substituted Debtor shall be deemed to be named in the Notes as the principal debtor in place of the Issuer (or of any previous substitute under these provisions) and the Notes shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer (or such previous substitute as aforesaid) from all of its obligations in respect of the Notes.

The Documents shall be deposited with and held by the Principal Paying Agent for so long as any Note remains outstanding and for so long as any claim made against the Substituted Debtor or (if the Substituted Debtor is not the Guarantor) the Guarantor by any Noteholder in relation to the Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and (if the Substituted Debtor is not the Guarantor) the Guarantor shall acknowledge in the Documents the right of every Noteholder to the production of the Documents for the enforcement of any of the Notes or the Documents.

Not later than 10 London Business Days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 15.

17. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

18. CURRENCY INDEMNITY

The Specified Currency is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Notes and the Coupons, including damages. Any amount received or recovered in a currency other than the Specified Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Noteholder or Couponholder, as the case may be, in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount of the Specified Currency which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount of Specified Currency is less than the amount of Specified Currency expressed to be due to the recipient under any Note or Coupon, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or Coupon, as the case may be, or any other judgment or order.

19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20. GOVERNING LAW AND DISPUTE RESOLUTION

(a) *Governing law*

The Agency Agreement, the Guarantee, the Deed of Covenant, the Deed Poll, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Guarantee, the Deed of Covenant, the Deed Poll, the Notes (including the remaining provisions of this Condition 20), and the Coupons, are and shall be governed by, and construed in accordance with, English law.

(b) *Agreement to arbitrate*

Subject to Condition 20(c), any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Notes (including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute

relating to any non-contractual obligations arising out of or in connection with them) (a **Dispute**) shall be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration (the **Rules**), which Rules (as amended from time to time) are incorporated by reference into this Condition. For these purposes:

- (i) the seat of arbitration shall be London;
- (ii) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions; and
- (iii) the language of the arbitration shall be English.

(c) *Option to litigate*

Notwithstanding Condition 20(b) above, any Noteholder may, in the alternative, and at its sole discretion, by notice in writing to the Issuer:

- (i) within 28 days of service of a Request for Arbitration (as defined in the Rules); or
- (ii) in the event no arbitration is commenced,

require that a Dispute be heard by a court of law. If any Noteholder gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 20(d) and, subject as provided below, any arbitration commenced under Condition 20(b) in respect of that Dispute will be terminated. Each person who gives such notice and the recipient of that notice will bear its own costs in relation to the terminated arbitration.

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

- (i) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;
- (ii) his entitlement to be paid his proper fees and disbursements; and
- (iii) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

(d) *Effect of exercise of option to litigate*

In the event that a notice pursuant to Condition 20(c) is issued, the following provisions shall apply:

- (i) subject to paragraph (iii) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and the Issuer submits to the exclusive jurisdiction of such courts;
- (ii) the Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and

- (iii) this Condition 20(d) is for the benefit of the Noteholders only. As a result, and notwithstanding paragraph (i) above, any Noteholder may take proceedings relating to a Dispute (**Proceedings**) in any other courts with jurisdiction. To the extent allowed by law, the Noteholders may take concurrent Proceedings in any number of jurisdictions.

(e) *Appointment of Process Agent*

The Issuer has appointed Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent for service of process, and undertakes that, in the event of Law Debenture Corporate Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings or Disputes. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

(f) *Other documents and the Guarantor*

The Issuer and, where applicable, the Guarantor have in the Agency Agreement, the Guarantee, the Deed of Covenant and the Deed Poll made provision for arbitration and appointed an agent for service of process in terms substantially similar to those set out above. The Guarantor has, in the Agency Agreement, the Guarantee and the Deed Poll, irrevocably and unconditionally waived with respect to those documents any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consented to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be lent by the Issuer to the Guarantor or any other Group company and will be applied by the Guarantor or such Group company for its general corporate purposes.

DESCRIPTION OF THE ISSUER

GENERAL

MDC – GMTN B.V. was incorporated under Dutch law as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) in Amsterdam on 26 March 2009 for an unlimited period of time. The Issuer has been established as a special purpose borrowing vehicle by the Company. The registered office of the Issuer is Schiphol Boulevard 231, 1118 BH Amsterdam Schiphol, the Netherlands, its telephone number is + 31 88 560 9950 and its statutory seat is in Amsterdam. The Issuer is registered in the Commercial Register of the Chamber of Commerce and Industry in Amsterdam under No. 34332305.

The authorised share capital of the Issuer, as at 31 December 2015, was €90,000 divided into ordinary shares of a nominal or par value of €1.00 each. At incorporation and as of the date hereof, 18,000 ordinary shares with a par value of €1.00 each had been issued and fully paid. MDC – GMTN B.V. is a direct wholly-owned subsidiary of MDC – GMTN Coöperatief U.A. (which, in turn, is an indirectly owned subsidiary of the Company) and does not have any subsidiaries of its own.

BUSINESS OF THE ISSUER

The Issuer will issue Notes under the Programme and may enter into other borrowing arrangements from time to time, may make loans to the Guarantor or other companies controlled by the Guarantor and may conduct other activities incidental or related to the foregoing. The Issuer is not expected to undertake any other business or to incur any substantial liabilities other than in connection with the Notes to be issued under the Programme and as a result of conducting other financing activities as described above. The Notes are the obligations of the Issuer alone and not of MDC – GMTN Coöperatief U.A.

The objects for which the Issuer is established are set out in clause 3 of its Articles of Association (as registered or adopted on 26 March 2009) and include raising funds (including through the issuance of Notes), to grant loans and to grant security over its assets.

FINANCIAL STATEMENTS

The Issuer's financial statements for the year ended 31 December 2014 and for the year ended 31 December 2015 were published on 11 April 2016 and both are incorporated by reference in this Base Prospectus. The Issuer has not published, and does not intend to publish, any interim accounts and is not required to do so under the laws of the Netherlands.

DIRECTORS OF THE ISSUER

The management of the Issuer is conducted by a Management Board that consists of the following Managing Directors:

<u>Name:</u>	<u>Principal Occupation outside of the Issuer:</u>
Derek Rozycki	Executive Director, Corporate Finance & Treasury of the Company
Andre Namphy	General Counsel, Corporate Finance & Treasury of the Company
Yvonne Wimmers-Theuns.....	Team Director of Vistra BV
Roelof Langelaar	Executive Director of Vistra BV

Each of Derek Rozycki and Andre Namphy is a Managing Director A of the Issuer and each of Yvonne Wimmers-Theuns and Roelof Langelaar is a Managing Director B. Any Managing Director A and Managing Director B, acting jointly, may legally represent the Issuer.

The business address of each Managing Director is Schiphol Boulevard 231, 1118 BH Amsterdam Schiphol, the Netherlands.

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

The Issuer has no employees and is not expected to have any employees in the future.

OVERVIEW OF THE UAE AND ABU DHABI

THE UAE

The UAE 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. There is a federal government which is headed by the President. The federal budget is principally funded by Abu Dhabi. The federation is governed by the Supreme Council of the Rulers of the seven Emirates. The Supreme Council elects from its own membership the President and the Vice President (who may serve for an unlimited number of 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 UAE, 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 as President of the UAE.

Based on IMF data for 2014 (extracted from the World Economic Database (October 2015)), the UAE is the second largest economy in the MENA region after Saudi Arabia based on nominal GDP and the third largest after Qatar and Kuwait based on nominal GDP per capita. It has a more diversified economy than most of the other countries in the GCC. According to OPEC data, at 31 December 2014, the UAE had approximately 6 per cent. of the world's proven global oil reserves (giving it the sixth largest oil reserves in the world).

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

On 4 March 2016, Moody's Singapore placed the UAE's long-term credit rating of Aa2 on review for possible downgrade, with a view to assessing the impact of an extended period of depressed oil prices on the UAE's economy.

ABU DHABI

Abu Dhabi is the largest of the seven Emirates and the city of Abu Dhabi is also the capital of the UAE federation.

Abu Dhabi, with proven crude oil reserves estimated to be in excess of 90 billion barrels, has approximately 95 per cent. of the UAE's total oil reserves and approximately 6 per cent. of the world's proven oil reserves (which were 1,493 billion barrels according to OPEC at 31 December 2014). In recent years, Abu Dhabi has produced between 2.8 and 3.1 million barrels of oil per day on average. At this rate of production, Abu Dhabi's oil reserves would last in excess of 80 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. Abu Dhabi has approximately 93 per cent. of the UAE's natural gas resources. These were estimated by OPEC to be 6,091 billion standard cubic metres at 31 December 2014 and represented approximately 3 per cent. of the world's natural gas according to OPEC.

SUMMARY STATISTICAL DATA

Abu Dhabi and UAE nominal GDP

The table below shows Abu Dhabi's nominal GDP, its percentage growth rate, the UAE's nominal GDP and the percentage contribution of Abu Dhabi's nominal GDP to the UAE's nominal GDP for each of the years indicated.

	2011	2012	2013	2014	2015
			(AED millions)		
Abu Dhabi nominal GDP (current prices)	846,684	909,721	931,773	960,146	822,424
Percentage change in Abu Dhabi nominal GDP	32.3	7.4	2.4	3.0	(14.4)
UAE nominal GDP (current prices).....	1,279,962	1,371,421	1,421,963	1,466,985 ⁽¹⁾	-
Abu Dhabi as a percentage of UAE	66.1	66.3	65.5	65.5	-

Note:

(1) FCSA estimate.

Sources: SCAD (for Abu Dhabi nominal GDP) and FCSA (for UAE nominal GDP only)

Abu Dhabi's GDP is generated principally by the hydrocarbon sector (mining and quarrying), which contributed 57.3 per cent. of nominal GDP in 2011, 57.0 per cent. in 2012, 54.9 per cent. in 2013, 50.9 per cent. in 2014 and 37.6 per cent. in 2015. Outside the hydrocarbon sector, the principal contributors to Abu Dhabi's nominal GDP in each of 2011, 2012, 2013, 2014 and 2015 have been:

- construction (which accounted for 11.9 per cent. of Abu Dhabi's nominal GDP in 2015);
- financial and insurance activities (which accounted for 9.2 per cent. of Abu Dhabi's nominal GDP in 2015);
- real estate activities (which accounted for 7.1 per cent. of Abu Dhabi's nominal GDP in 2015);
- manufacturing (which accounted for 6.8 per cent. of Abu Dhabi's nominal GDP in 2015);
- public administration and defence, compulsory social service (which accounted for 6.4 per cent. of Abu Dhabi's nominal GDP in 2015);
- wholesale and retail trade, repair of motor vehicles and motorcycles (which accounted for 5.7 per cent. of Abu Dhabi's nominal GDP in 2015); and
- transportation and storage (which accounted for 5.1 per cent. of Abu Dhabi's nominal GDP in 2015).

Together, these non-hydrocarbon sectors accounted for 34.4 per cent. of nominal GDP in 2011, 34.7 per cent. in 2012, 37.4 per cent. in 2013, 41.0 per cent. in 2014 and 52.2 per cent. in 2015.

Abu Dhabi real GDP

In common with general practice among hydrocarbon-producing countries, Abu Dhabi's real GDP is calculated using hydrocarbon prices from a base year (in Abu Dhabi's case, 2007). This eliminates the effect of volatile price changes in hydrocarbon products on real hydrocarbon GDP and instead shows only the effects of production changes, which are adjusted using a deflator. The production figures that are included in the calculation of hydrocarbon real GDP include both oil and gas production, as well as certain related product production.

Abu Dhabi's real GDP has grown strongly during the period between 2011 and 2015. The tables below show the growth rates in Abu Dhabi's real GDP by hydrocarbon sector and non-hydrocarbon sector for each of the years indicated.

	2011	2012	2013	2014	2015
			(per cent.)		
Abu Dhabi hydrocarbon real GDP growth.....	11.7	3.8	3.2	0.8	5.0
Abu Dhabi non-hydrocarbon real GDP growth	6.7	5.9	6.0	8.9	8.4
Abu Dhabi total real GDP growth.....	9.3	4.8	4.5	4.4	6.3

Source: SCAD

Real growth in the hydrocarbon sector has been driven principally by production changes. The non-hydrocarbon sector of the economy grew strongly, with real GDP growth rates for that sector ranging between 5.9 per cent. and 8.9 per cent. between 2011 and 2015.

The table below shows Abu Dhabi's real GDP and its percentage growth rate for each of the years indicated.

	2011	2012	2013	2014	2015
			(AED millions)		
Abu Dhabi real GDP (constant 2007 prices).....	641,831	672,668	702,941	733,825	779,984
Percentage change in Abu Dhabi real GDP	9.3	4.8	4.5	4.4	6.3

The fastest growing sectors between 2011 and 2015 were:

- activities of households as employers, with a compound annual growth rate of 25.7 per cent.;
- human health and social work activities, with a compound annual growth rate of 22.2 per cent.;
- financial institutions and insurance, with a compound annual growth rate of 20.5 per cent.;
- real estate activities, with a compound annual growth rate of 10.8 per cent.; and
- public administration and defence and compulsory social security, with a compound annual growth rate of 9.8 per cent.

UAE and Abu Dhabi population

The most recent estimate of population for the UAE as a whole was made by the UAE Federal Competitiveness and Statistics Authority (the **FCSA**) in relation to 2014 and estimated the population of the UAE to be approximately 9.3 million as at 30 June in that year. The Statistics Centre – Abu Dhabi (the **SCAD**) estimated the population of Abu Dhabi to be approximately 2.7 million as at 30 June 2014.

The populations of both the UAE and Abu Dhabi have grown significantly since 1985, reflecting an influx of foreign labour, principally from Asia, as the emirates have developed. The table below illustrates this growth since 1985, using 30 June numbers.

Population of Abu Dhabi and the UAE

	1985	1995	2005	2010	2014
Abu Dhabi population.....	566,036	942,463	1,399,484	2,094,480 ⁽¹⁾	2,656,448 ⁽¹⁾
Total UAE population.....	1,379,303	2,411,041	4,106,427	8,264,070 ⁽²⁾	9,338,075 ⁽²⁾

Note:

(1) SCAD final estimate as at 30 June 2010 and revised estimate as at 30 June 2014.

(2) FCSA estimates.

Sources: SCAD (Abu Dhabi estimates) and FCSA (UAE estimates)

Based on SCAD estimates, in 2014 Abu Dhabi had a predominantly young population with 0.9 per cent. being 65 and over and 16.9 per cent. being under the age of 15. The historic annual average growth rate of the population between 2005 and 2014 was 7.6 per cent., with the national population growing at an average 3.8 per cent. over the period and the non-national population growing at an annual average of 6.8 per cent. over the period. The population mix in 2014 is estimated to have comprised 19.1 per cent. UAE nationals and 80.9 per cent. non-nationals. The majority of the non-national population is male (with a ratio of 1.98 males to 1 female at 30 June 2014), reflecting the fact that the population principally comprises male migrant workers.

Abu Dhabi inflation

The table below sets out annual inflation rates in Abu Dhabi for each of the years indicated:

	2010	2011	2012	2013	2014	2015
Consumer prices (percentage change, year on year)	3.1	1.9	1.1	1.3	3.2	5.4

Source: SCAD

According to SCAD, on a monthly basis (compared with the same month in the previous year), inflation in Abu Dhabi in January and February 2016 was 3.2 per cent. and 3.1 per cent., respectively. These lower rates of inflation compared to the rate for 2015 principally reflected the fact that the consumer price index has been re-weighted (using data from the 2014 household income and expenditure survey) with effect from 1 January 2016 (with the new weights being applied to 2015 monthly data for the purposes of consistent calculation). Among other changes, this re-weighting resulted in a reduction in the weighting for the most significant component: housing, water, electricity, gas and other fuels.

Abu Dhabi crude oil production

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

	2011	2012	2013	2014	2015
Crude oil production (million b/d)	2.8	2.9	3.0	3.0	3.1
Crude oil exports (million b/d) ⁽¹⁾	2.3	2.4	2.5	2.5	2.4
Crude oil exports (U.S.\$ billions) ⁽²⁾	53	56	58	72	32
Average selling price (U.S.\$ per barrel)	110	112	109	99	52

Notes:

(1) ADNOC and industry shareholders combined.

(2) ADNOC only.

Source: ADNOC

ABU DHABI'S CREDIT RATINGS

Abu Dhabi's long-term sovereign credit ratings were affirmed at AA (long-term) and A-1+ (short-term) by S&P on 5 February 2016. The ratings are supported by the Government's strong fiscal and external positions which afford it fiscal policy flexibility. The strength of the Government's net asset position also provides a buffer to counter the negative impact of oil price volatility on economic growth, Government revenue and the external account. The ratings are, however, constrained by less-developed political institutions than non-regional peers in the same ratings category. They are also constrained by limited monetary policy flexibility, gaps and delays in the provision of economic and fiscal data and an underdeveloped local currency domestic bond market.

Abu Dhabi's long-term foreign and local currency issuer default ratings were affirmed at AA and its short-term foreign currency issuer default ratings were affirmed at F1+ by Fitch on 3 March 2016. Fitch cited Abu Dhabi's exceptionally strong fiscal and external metrics and high GDP per capita as strengths but noted that these are balanced by high dependence on hydrocarbons, a relatively weak policy framework and weak data availability. Risks noted by Fitch that could result in a rating downgrade include a sustained period of prices sharply lower than Fitch expects, leading to rapid erosion of fiscal and external buffers, or by a regional geopolitical shock.

Abu Dhabi is rated on an unsolicited basis by Moody's, which has assigned an Aa2 long-term foreign and local currency issuer rating. This rating is on review for possible downgrade.

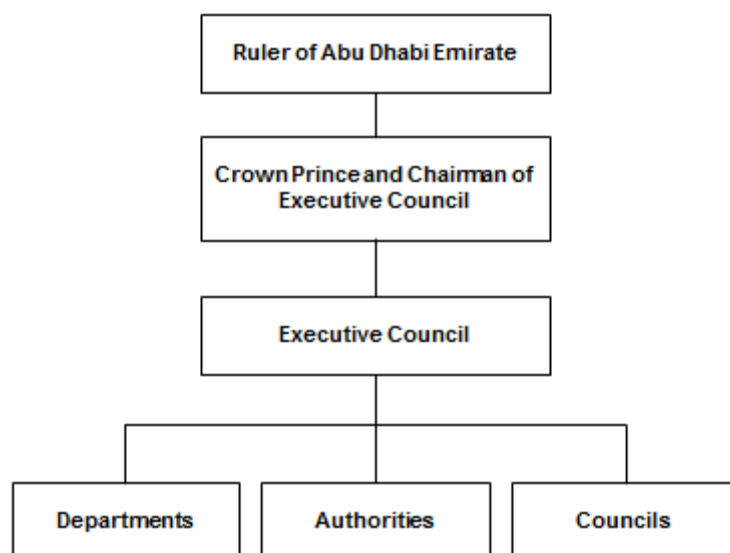
ABU DHABI GOVERNMENT STRUCTURE

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 Executive Council, which is the principal executive authority below the Ruler and the Crown Prince. The Executive Council currently comprises 13 members appointed by Emiri Decree issued in March 2014.

Departments, authorities and councils are established by Emiri Decree and are subject to the authority of the Executive Council. Departments manage administration within the Emirate and manage specific portfolios including, for example, the Department of Finance, the Department of Municipal Affairs and Transport, the Department of Economic Development and the Judicial Department. Authorities manage the Emirate's resources and strategies and include the Health Authority, the Accountability Authority and the Abu Dhabi Tourism and Culture Authority.

Councils act as controlling bodies for certain Government initiatives, projects and industry sectors by setting and monitoring policies, regulations and standards, and include the Council for Economic Development, the Education Council and the Urban Planning Council.

The chart below summarises the structure of the Government.



MAJOR GOVERNMENT-OWNED COMPANIES

In addition to the Company, the Government owns or has significant shareholdings in a number of other companies. The other most important companies owned by the Government are:

- ADNOC, which manages all aspects of the Emirate's oil and gas industry;
- International Petroleum Investment Company (**IPIC**), which principally invests in international oil and gas interests;
- Tourism and Development Investment Company (**TDIC**), which is a developer of tourism and real estate assets in Abu Dhabi and is charged with fulfilling the Emirate's ambition to become a global tourist destination;
- General Holding Corporation, an industrial investment holding company with holdings in companies operating in the metals, oil and gas services, construction and building materials and food and beverage manufacturing sectors which operates under the brand name Senaat;
- Abu Dhabi Investment Authority (**ADIA**) and Abu Dhabi Investment Council (**ADIC**), which are the vehicles through which the Government has historically invested its surplus hydrocarbon revenue; and
- Etihad Airways PJSC (**Etihad**), the national airline of the UAE and a key facilitator of the government's tourism strategy.

Each of these companies is wholly-owned by the Government and one or more members of the Executive Council sit on the boards of most of these companies.

RELATIONSHIP WITH THE GOVERNMENT

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

The Company was created to play an integral role in this strategy by seeking to generate sustainable economic benefits for Abu Dhabi through partnerships with local, regional and international investors to implement projects that produce financial returns as well as build a sustainable future for the people of Abu Dhabi. Given this role, the Company has a strong relationship with the Government, which is described in more detail below.

The Company believes that the Programme is helping the Group to fulfil its development mandate. The Programme reduces the Group's reliance on the senior bank funding market and allows it to diversify its funding sources. It also allows the Group to obtain funding in a number of currencies, issue debt with a range of maturities and take advantage of market conditions as they arise. In addition, the Company is using issuances under the Programme to drive high standards of transparency, corporate governance and accountability within the Group.

ABU DHABI'S DEVELOPMENT STRATEGY

The Government's development strategy was articulated in the Abu Dhabi Policy Agenda 2007-2008 (the **Policy Agenda**) and the Abu Dhabi Economic Vision 2030, issued by the Government in January 2009 (the **2030 Economic Vision**). Drawing on the Policy Agenda, the 2030 Economic Vision set forth a roadmap for developing the Government's strategy for economic development over the period to 2030.

The Policy Agenda established broad, long-term policy goals to drive economic, social and geopolitical/governance change in Abu Dhabi.

The Policy Agenda set 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 the Emirate.

Based on the principles set out in the Policy Agenda, the 2030 Economic Vision set out a comprehensive plan to diversify the Emirate's economy and grow the contribution of the non-oil sector significantly.

In September 2007, the Executive Affairs Authority of Abu Dhabi published the Plan Abu Dhabi 2030—Urban Structure Framework Plan (the **Abu Dhabi Urban Structure 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 Abu Dhabi Urban Structure Framework Plan anticipated two distinct phases of development. The initial phase focused on establishing the structural framework for future growth, such as transit and infrastructure, and addressed areas of acute pressure. The two principal developments undertaken in this phase were the Abu Dhabi Global Market Square development on Al Maryah Island and the development of the Capital District. The second phase extends from 2015 to 2030 and is 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 Company's role in Abu Dhabi's development strategy

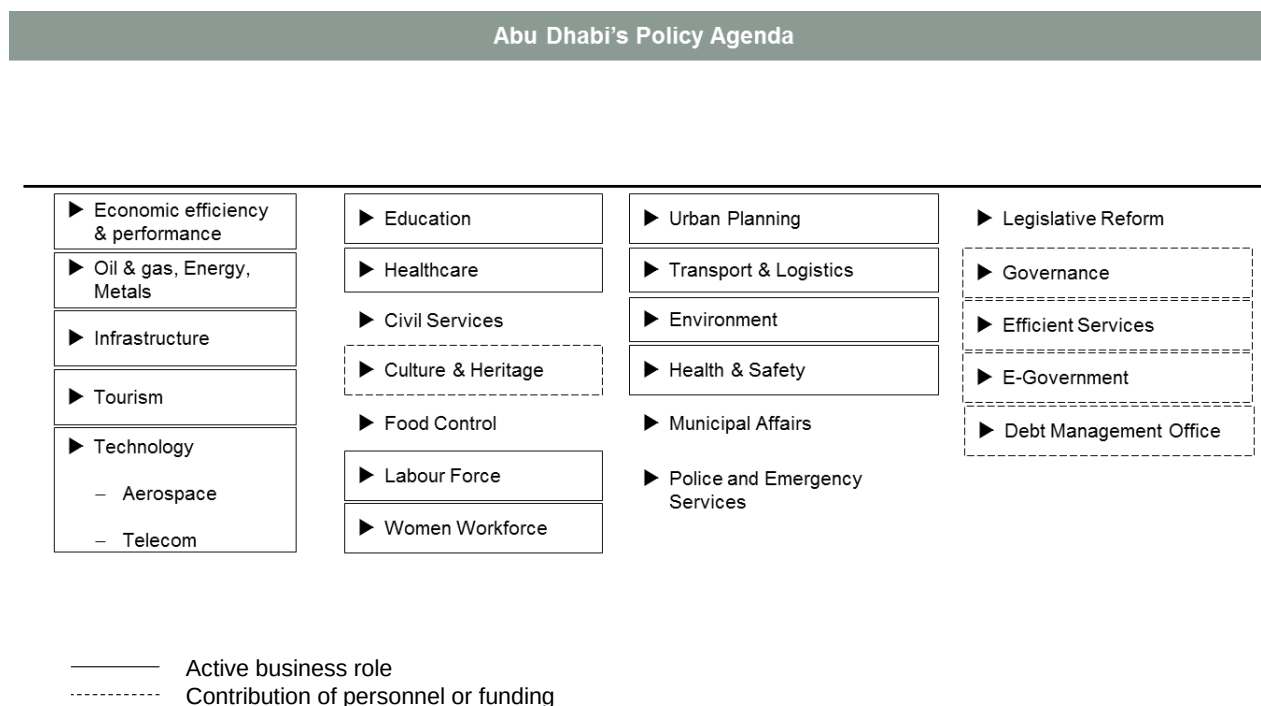
Abu Dhabi's development strategy is centred around four priority areas: economic development; social and human resource development; infrastructure development and environmental sustainability; and optimisation of the role of the Government in the future of the Emirate.

The Company is mandated to implement a significant part of the development strategy, particularly the Government's initiative to reduce Abu Dhabi's reliance on oil and oil-related products, diversify its industries to develop a multi-sector driven economy and stimulate private sector growth, as set out in the Policy Agenda. Two examples of the Company's contribution in this respect are its leading role in the establishment of Emirates Aluminium Park, an aluminium-related cluster at Al Taweelah of which Emirates Aluminium Company Limited PJSC (**EMAL**), which is a wholly-owned subsidiary of EGA, is a major element, see "*Description of the Group—Global platforms—Technology & Industry global platform—Industry—Aluminium—EMAL*", and its role in the development of a new International Financial Centre for Abu Dhabi on Al Maryah Island, which comprises approximately 12.2 million square feet of land granted by the Government to the Company. See "*Description of the Group—Global platforms—Emerging Sectors global platform—Mubadala Real Estate & Infrastructure—Real estate and hospitality*".

The Group's business lines span a number of different sectors and industries, all of which are important to the Government's development strategy which focuses on the following sectors: 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.

Although the Company has autonomy in the selection of individual projects, part of its mandate is to drive Abu Dhabi's economic diversification and development initiatives. Generally, projects, partnerships and joint ventures that the Group undertakes are aimed at implementing the Government's development strategy in a commercial and profitable manner.

The diagram below highlights the Group's role in the Government's development strategy.



RELATIONSHIP WITH THE GOVERNMENT

The Company was formed in 2002 by the Government as the business development and investment company mandated to act as a primary catalyst in the implementation of the development strategy. This is being achieved through the diversified portfolio of investments made by the Group's four global platforms, each of which incorporates one or more business units and businesses:

- Technology & Industry, incorporating the Mubadala Technology business unit and the Industry business unit;
- Aerospace & Engineering Services, incorporating the Aerospace & Defence Services business unit and the Information and Communications Technology business unit;
- Energy, incorporating Mubadala Petroleum and Masdar; and
- Emerging Sectors, incorporating the Mubadala Real Estate & Infrastructure, Mubadala Healthcare and Mubadala Capital business units.

The Government is the sole shareholder of the Company. Two of the seven members of the Board are also members of the Executive Council, including its Chairman, H.H. Sheikh Mohamed bin Zayed Al Nahyan, who is the Crown Prince of Abu Dhabi. The Board plays an active role in reviewing the new projects which have been approved or endorsed by the Investment Committee and approving the Group's strategy, business plans and annual budgets. The Company also updates the Board on the status of its investment projects on a regular basis. Moreover, the audit of the Group's financial statements is subject to regulator oversight by the Abu Dhabi Accountability Authority, which has the ability to audit any company in which the Government has more than a 50 per cent. stake. The Company also co-ordinates with the Department of Finance of the Government and its Debt Management Office regarding the levels of its indebtedness and provides the Government with regular updates.

The Government has been instrumental in bringing new projects to the Group. Throughout the course of the year, the Government may inform the Board of, and in certain cases facilitate, various investment proposals. The Government may propose that the Company investigate investment opportunities in certain sectors or may propose specific investment opportunities it has come across. These proposals include investment opportunities that have arisen from discussions the Government has had with other governments. If the proposed project meets the investment criteria, generally, the Group will assume an ownership interest in the project or develop the project on a reimbursable basis. The Group, nevertheless, is not required to take on any investments proposed by the Government and only considers those which it believes will meet its financial and investment criteria. See *"Description of the Group—Planning and investment process"*.

Government statement of support for the Company

While the Government does not guarantee the obligations of the Company (including any Notes issued under the Programme), the Department of Finance of the Government, as authorised by H.E. Hamad Al Hurr Al Suwaidi, then Chairman of the Department of Finance of the Government (and a member of the Company's board of directors) issued a statement on 5 March 2010 stating that:

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

The above statement of support does not constitute a guarantee by the Government of the obligations of the Company, including any Notes issued under the Programme.

Contributions from the Government

The Government, as the sole shareholder of the Company, has historically provided financial support to the Group in the form of equity, additional shareholder contributions, principally in the form of subordinated interest-free loans, and monetary grants. The subordinated loans are treated as equity contributions because they are interest free and contain no repayment obligations (although they may be repaid at the option of the Company) and, upon dissolution of the Company, the rights, obligations and benefits attaching to the shareholder loans are stipulated to rank *pari passu* with those attaching to the share capital of the Company. Additional shareholder contributions have historically been provided on the basis of annual budgets submitted to the Government for approval. The Government also reviews the Company's rolling five-year plan. The Government has also made non-monetary contributions from time to time, primarily in the form of land grants and, in 2011, in the form of the contribution of ATIC (now Mubadala Technology) to the Group.

The Group does not automatically receive contributions from the Government, but rather is required to present a formal request for funding, along with the proposed use of the contributions. The Group's funding needs from the Government were historically determined each year as part of the annual budget and submitted to the Board for approval. These took account of the Group's planned capital and investment expenditure, funds likely to be available to it from financing (including project financing and through the issue of debt securities) and its anticipated cash flow from operations. Once approved by the Board, the Government was requested to approve funding for at least that amount during the course of the year. In 2013 and 2014, the Group received AED 16.4 billion (out of which AED 13.6 billion was received as application for share capital against which shares were issued in March 2014), and AED 18.4 billion, respectively, in Government approved capital contributions. In 2015, the Company did not request additional shareholder contributions and the Company expects that future capital and investment expenditure will largely be funded by operating cash flow, borrowing from third parties and selective asset monetisations.

As at 31 December 2015, the Government had made cumulative capital contributions to the Company in the amount of AED 170.5 billion. At the same date, the Group retained approximately 351 million square feet of land which had been granted to it by the Government. Approximately 94 million square feet of this land was held as investment property, inventory or property, plant and equipment as of 31 December 2015. The rest of the land was not recorded on the statement of financial position.

The table below illustrates the contributions of share capital, monetary Government grants, additional shareholder contributions (principally in the form of subordinated interest-free loans without repayment requirements (although they may be repaid at the option of the Company)) and land grants made by the Government since the Company was established.

	<u>Share capital</u>	<u>Monetary Government grants</u>	<u>Additional shareholder contributions</u>	<u>Land grants</u>
		(AED million)		(ft ² million)
Up to and including 2006	3,515 ⁽¹⁾	367	—	120
2007	2,000	—	7,791	23
2008	—	—	25,563 ⁽²⁾	262
2009	—	—	8,857	(50) ⁽³⁾
2010	9,485 ⁽⁴⁾	—	3,515	1
2011	—	—	46,343 ⁽⁵⁾	—
2012	—	—	28,247	—
2013	13,600 ⁽⁶⁾	—	2,840 ⁽⁷⁾	(2)
2014	—	—	18,368	—
2015	18,368 ⁽⁸⁾	—	(18,368) ⁽⁸⁾	(3)
Total	46,968	367	123,155	351

Notes:

- (1) This includes an application for share capital.
- (2) AED 3,563 million of this amount was in the form of a loan used to acquire convertible bonds.
- (3) This reflects the fact that a plot of land reverted to the Government during 2009.
- (4) During 2010, the share capital of the Company was increased to AED 15 billion through the conversion of AED 9,485 million in additional shareholder contributions to share capital and through shares issued to the Government in an amount equal to the value of the net assets of Gulf Air Maintenance Company transferred to the Group in 2009.
- (5) This includes AED 18,359 million representing the restated net book value of the contribution of ATIC (now Mubadala Technology) to the Group.
- (6) This represents subscription moneys received for a capital increase against which shares were still to be issued at 31 December 2013 and were issued in March 2014.
- (7) A higher cash amount was paid during the year but was then subsequently reduced against the transfer of certain assets to the Government, see note 33(e) to the 2013 Financial Statements.
- (8) This represents the re-classification on monies received in 2014 as additional shareholder contributions to subscription moneys received for a capital increase against which shares were still to be issued at 31 December 2015.

Distributions to the Government

The Government views its stake in the Company as a long-term investment. The Company has not paid any dividends to the Government to date. In addition, as mentioned above, contributions received in the form of shareholder loans are non-interest bearing and have no stated maturity, although they may be repaid at the option of the Company. The Company has not repaid any such contributions. Subject to the approval of its board of directors, the Company anticipates making payments to the Government in the future.

CAPITALISATION OF THE GROUP

The table below shows the Group's capitalisation and indebtedness as at 31 December 2015. This table should be read together with the 2015 Financial Statements incorporated by reference in this document.

	As at 31 December 2015
	(AED million)
Cash and cash equivalents ⁽¹⁾	13,403
Debt:	
Short-term debt ⁽²⁾	10,461
Long-term debt ⁽³⁾	31,209
Total debt	41,670
Equity:	
Share capital	28,600
Reserves and surplus	1,541
Additional shareholder contributions.....	123,155
Application for share capital.....	18,368
Government grants	367
Non-controlling interests	1,939
Total equity	173,970
Total capitalisation and indebtedness⁽⁴⁾	215,640

Notes:

- (1) Principally comprises cash and bank balances, call deposits and short-term deposits with banks that are readily convertible into cash.
- (2) Includes short-term borrowings and obligations under finance leases with a maturity of less than 12 months.
- (3) Includes long-term borrowings and obligations under finance leases with a maturity of more than 12 months.
- (4) Total equity plus long-term debt. The Group's total equity and net debt (total debt minus cash and cash equivalents) at 31 December 2015 was AED 202,237 million.

Since 31 December 2015, the Group has incurred further debt and repaid certain outstanding debt.

SELECTED FINANCIAL INFORMATION OF THE GROUP

The selected financial information set out below has been extracted from the Financial Statements. The Financial Statements are incorporated by reference in this document and should be read in conjunction with “*Management’s discussion and analysis of financial condition and results of operations of the Group*”. The Financial Statements have been prepared in accordance with IFRS.

The selected financial information set out in the table below shows summary consolidated statement of financial position information as at 31 December in each of 2015, 2014 and 2013.

SUMMARY STATEMENT OF FINANCIAL POSITION DATA

	As at 31 December		
	2015	2014	2013
	(AED million)		
Property, plant and equipment	86,946	83,938	75,135
<i>of which capital work in progress</i>	10,940	21,288	18,893
Intangible assets	8,329	6,454	6,367
Investment properties	7,217	6,801	6,008
Investments in equity accounted investees	35,693	30,997	27,622
Financial investments	28,606	29,315	27,677
Loans receivable	13,808	19,258	23,064
Receivables and prepayments	37,187	26,656	21,927
Cash and cash equivalents	13,403	25,842	21,689
Inventories	7,966	6,281	7,529
Other assets ⁽¹⁾	7,209	8,097	6,797
Total assets	246,364	243,639	223,815
Interest bearing borrowings	40,464	41,289	41,918
Payables and accruals	17,812	15,039	14,069
All other liabilities	14,118	11,644	10,283
Total liabilities	72,394	67,972	66,270
Total equity	173,970	175,667	157,545
Total equity and liabilities.....	246,364	243,639	223,815

Note:

(1) Comprises finance lease receivables, deferred tax assets and assets classified as held for sale.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The selected financial information set out in the table below shows consolidated statement of comprehensive income information for each of 2015, 2014 and 2013.

	Year ended 31 December		
	2015	2014	2013
	(AED million)		
Revenue from sale of goods and services	34,052	32,661	31,030
Cost of sales of goods and services	(33,043)	(26,997)	(25,267)
Gross profit	1,009	5,664	5,763
Income from investments in equity accounted investees (net)	4,983	4,725	3,776
Government grant income	718	781	741
Dividend income.....	1,241	750	596
Finance income from loans.....	249	327	785
Bargain purchase gain on acquisition	1,909	—	—
Other income (net).....	1,385	2,814	1,115
Research and development expenses.....	(3,056)	(3,754)	(4,281)
Exploration costs	(273)	(661)	(764)
Other general and administrative expenses ⁽¹⁾	(6,128)	(6,357)	(5,720)
Profit before unrealised fair value changes, impairments, net finance expense and taxes	2,035	4,291	2,012
Income from financial investments (net)	3,447	1,283	3,358
Increase in fair value of investment properties (net).....	39	548	17
Impairment on property, plant and equipment.....	(269)	(2,226)	(904)
Impairment on loans and receivables.....	(2,736)	(762)	(1,282)
Impairment on intangible assets	(838)	(346)	(476)
(Impairment)/reversal of impairment on equity accounted investees	(164)	77	(308)
Profit before net finance expense and taxes	1,515	2,865	2,418
Finance income and net foreign exchange gain.....	817	1,076	847
Finance expense.....	(2,024)	(2,092)	(2,247)
Net finance expense	(1,207)	(1,016)	(1,400)
Income before income tax	308	1,849	1,018
Income tax benefit/(expense).....	1,103	(627)	676
Profit for the year	1,411	1,222	1,694
Other comprehensive loss			

Items that may be reclassified to profit or loss in subsequent periods

(Decrease)/increase in fair value of available for sale financial assets (net)	(1,825)	489	3,227
Cumulative gain reclassified from equity to profit or loss on disposal of available for sale financial assets (net)	(330)	(743)	(18)
Effective portion of changes in fair values of cash flow hedges and other reserves (net of taxes)	218	(319)	268
Net change in foreign currency translation reserve	(63)	(135)	86
Share of effective portion of changes in fair values of hedging instruments and other reserves of equity accounted investees	13	(141)	248
Share of movements in translation reserve of equity accounted investees	(364)	(448)	51
	(2,351)	(1,298)	3,862

Items that will not be reclassified to profit or loss in subsequent periods

Net movement in defined benefits plan	(260)	(165)	22
Other comprehensive (loss)/income for the year net of income tax.....	(2,611)	(1,463)	3,884
Total comprehensive (loss)/income for the year.....	(1,200)	(241)	5,578
Total comprehensive (income)/loss attributable to non-controlling interests	(120)	50	(300)
Total comprehensive (loss)/income for the year attributable to the owner of the Group.....	(1,320)	(191)	5,278

Note:

(1) Includes project expenses, that were presented in the 2014 Financial Statements but not in the 2015 Statements.

CASH FLOW DATA

The selected financial information set out in the table below shows certain consolidated cash flow information for each of 2015, 2014 and 2013.

	Year ended 31 December		
	2015	2014	2013
	(AED million)		
Net cash generated by operating activities.....	6,825	4,936	9,597
Net cash used in investing activities	(17,675)	(17,619)	(19,764)
Net cash (used in)/generated by financing activities	(1,978)	16,991	19,963

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

The following discussion and analysis should be read in conjunction with the information set out in "Presentation of financial and other information", "Capitalisation of the Group", "Selected financial information of the Group" and the Financial Statements.

The discussion of the Group's financial condition and results of operations is based upon the Financial Statements. This discussion contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this document, particularly under the headings "Cautionary statement regarding forward-looking statements" and "Risk Factors".

OVERVIEW

The Company was formed in 2002 by the Government, its sole shareholder, as the business development and investment company mandated to act as a primary catalyst in the implementation of Abu Dhabi's development strategy described under "Relationship with the Government". The Group's mandate is to implement the development strategy in a commercial and sustainable manner. It does this by forming new companies or by acquiring shareholdings in existing companies both in the UAE and abroad, and by generating sustainable economic benefits for Abu Dhabi through partnerships with local, regional and international companies.

The Group's development mandate has been supported by significant additional shareholder contributions from the Government. As at 31 December 2015, the Government's cumulative capital contributions into the Company since its establishment totalled AED 170.5 billion. Although, in the past, equity contributions from the Government have been a significant source of funding for the Group, the Company did not request additional shareholder contributions in 2015 and the Company expects that future capital and investment expenditure will largely be funded by operating cash flow, borrowing from third parties and selective asset monetisations.

The Group operates through four global platforms, each of which incorporates one or more business units and businesses:

- Technology & Industry, incorporating the Mubadala Technology business unit and the Industry business unit;
- Aerospace & Engineering Services, incorporating Aerospace and Defence Services business unit and the Information and Communication Technology business unit;
- Energy, incorporating Mubadala Petroleum and Masdar; and
- Emerging Sectors, incorporating the Mubadala Real Estate & Infrastructure, Mubadala Healthcare and Mubadala Capital business units.

While most of the Group's operations are conducted through its subsidiaries and joint ventures, it also has significant minority investments intended to support its development mandate.

The Group continues to invest substantially as and when required, with net cash used in investing activities of AED 17.7 billion in 2015, AED 17.6 billion in 2014 and AED 19.8 billion in 2013, equal to 51.9 per cent. of its revenue from the sale of goods and services in 2015 and 53.9 per cent. and 63.7 per cent. in 2014 and 2013, respectively.

The Group's current principal revenue generating activities are the manufacture and sale of semiconductor wafers through GLOBALFOUNDRIES, the provision of aircraft maintenance and repair services, principally through SR Technics, and the sale of hydrocarbons, principally through its proportional share in the upstream activities of the Dolphin Project and through Mubadala Petroleum Southeast Asia (**MPSEA**).

The Group's capital and investment expenditures include investments in subsidiaries, jointly controlled entities, joint operations, associates and other investments, acquisitions of property, plant and equipment, intangible and other assets. The Group anticipates that it will continue to incur capital and investment expenditure in future years. As at 31 December 2015, the Group's committed capital and investment expenditure (including exploration commitments) was AED 35.6 billion, see "*Capital and investment expenditure*".

COMPOSITION OF THE FINANCIAL STATEMENTS

The Financial Statements present the results of operations and financial position of the Company, its subsidiaries and its joint operations (all of which are consolidated on a line by line basis) together with the Group's proportionate share of the results of its jointly controlled entities and associates (which are accounted for using the equity basis of accounting and are together referred to as **equity accounted investees**). In addition, the Group has certain investment properties and significant other investments on its statement of financial position. Changes in the fair value of its investment properties and gains and losses (including impairment losses) on its other investments have materially affected the Group's statement of comprehensive income in the periods under review and may continue to affect the Group's statement of comprehensive income in future periods. Further information on the accounting treatment of the Group's equity accounted investees and its other investments is set out under "*Principal components of, and key factors affecting, results of operations—Income from the Group's investment in equity accounted investees*", and "*Principal components of, and key factors affecting, results of operations—Effects of stock market volatility on the Group's financial investments*".

The Group's joint operations primarily comprise development and production sharing agreements (**DPSAs**), production sharing agreements (**PSAs**) and exploration and production sharing agreements (**EPSAs**) in relation to certain oil and gas concessions and/or contracts, principally in Oman, Qatar, Bahrain, Indonesia, Thailand, Vietnam and Malaysia. The Group's interest in these assets is proportionately consolidated on a line-by-line basis and certain further information in relation to these concessions, including the Group's respective ownership interests, as at 31 December 2015 can be found in note 16 to the 2015 Financial Statements.

PRINCIPAL COMPONENTS OF, AND KEY FACTORS AFFECTING, RESULTS OF OPERATIONS

The principal factors affecting the Group's results of operations during the periods under review, which are described in more detail below, have been:

- the acquisition of the IBM MD business;
- the effects of volatility in stock market valuations on its quoted FVTPL and available for sale financial assets, see "*Effects of stock market volatility on the Group's financial investments*";
- impairment losses made by the Group, see "*Results of operations—Comparison of 2015 and 2014—Impairment losses (net)*" and "*Results of operations—Comparison of 2014 and 2013—Impairment losses (net)*";
- changes in the income derived by the Group from its investments in equity accounted investees, see "*Income from the Group's investment in equity accounted investees*"; and
- changes in other income (net), see "*Other income (net)*".

Acquisition of the IBM MD business

On 1 July 2015, GLOBALFOUNDRIES acquired the IBM MD business and GLOBALFOUNDRIES and IBM entered into a number of related agreements. See further “*Description of the Group—Global platforms—Technology & Industry global platform—Mubadala Technology—Acquisition of the IBM MD business*”. As part of the transaction, IBM agreed to pay GLOBALFOUNDRIES AED 5.5 billion in three instalments of AED 2.8 billion in 2015 (offset by AED 0.8 billion for certain assets and working capital, subject to a post closing adjustment when the valuation of the assets is completed), AED 1.8 billion in 2016 and AED 0.9 billion in 2017.

The acquisition of the IBM MD business resulted in:

- a significant increase in revenue in 2015 (“—*Results of operations—Comparison of 2015 and 2014—Revenue from the sale of goods and services*”);
- a significant increase in the Group’s cost of sales in 2015 (see “—*Results of operations—Comparison of 2015 and 2014—Cost of sales of goods and services*”);
- a significant income tax benefit to the Group in 2015 (see “—*Results of operations—Comparison of 2015 and 2014—Income tax benefit/(expense)*”); and
- a bargain purchase gain of AED 1,909 million in 2015.

Effects of stock market volatility on the Group’s financial investments

The Group’s financial investments principally comprise FVTPL financial assets and available for sale financial assets. As at 31 December 2015, 78.8 per cent. of the Group’s financial investments were classified as FVTPL investments and 21.2 per cent. were classified as available for sale investments. For a description of certain of the Group’s significant financial investments, see “—*Analysis of certain statement of financial position items—Overview—Financial investments*”.

FVTPL investments

An investment is classified as FVTPL if it is held for trading or the Group manages the investment and makes purchase and sale decisions based upon its fair value in accordance with documented risk management or investment strategies. The Group’s FVTPL investments during the years under review have, as described further below, comprised its holding of General Electric Company (**GE**) shares; its investments in The Related Companies; securities held for trading by Mubadala Capital; its investment in a publicly traded royalty bond that pays royalties based on a formula linked to revenue generation at Porto Sudeste (the **Port 11 securities**); its investment in The Carlyle Group (**Carlyle**) funds; its investment in a fund that holds Restaurant Brands International (**RBI**) stock described under “*Description of the Group—Global platforms—Emerging Sectors global platform—Mubadala Capital*” and certain other FVTPL investments.

FVTPL investments are initially recognised at fair value on the statement of financial position and are subsequently remeasured at fair value on each reporting date and the resulting unrealised gains and losses in the fair value of the FVTPL investment are recognised in profit or loss. In 2013, the Group recorded an increase in the net fair value of its FVTPL investments of AED 3,131 million, principally reflecting an increase in the price of its GE shares and in the fair value of its investments in Carlyle funds and, to a lesser extent, an increase in the fair value of warrants to subscribe shares in AMD (which were exercised in 2014) and its investment in the fund that holds RBI stock. In 2014, the Group recorded an increase in the net fair value of its FVTPL investments of AED 1,348 million, principally reflecting an increase in the fair value of its investments in the fund that holds RBI stock and the Related Group of companies and, to a lesser extent, an increase in the fair value of its investments in Carlyle funds. In 2015, the Group recorded an increase in the net fair value of its FVTPL investments of AED 2,726 million, principally reflecting increases in the price of its GE shares and in the fair value of the Port 11 securities and its investments in the Related Companies and Carlyle funds.

Available for sale investments

Available for sale investments include investments in equity and debt securities designated as such by the Group. The Group's available for sale investments are valued at fair value on each reporting date with any changes in the fair value being recorded in other comprehensive income and as equity in a fair value reserve in the Group's statement of financial position. A significant or prolonged decline in the fair value of investments in equity instruments below their cost is recognised as an impairment of the carrying value and, accordingly, is charged to profit or loss. When an investment is sold, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. When an investment, previously classified as an available for sale financial asset, is subsequently accounted as an equity accounted investee, any revaluation gain or loss recognised in other comprehensive income is not reclassified from equity to profit or loss until such time as there is a realisation event. Neither the charging of impairments, nor the transfer of cumulative gains or losses, to profit and loss represents cash inflows or outflows to the Group.

In each of 2014 and 2013, the Group recorded impairment losses of AED 36 million and AED 90 million, respectively, on its available for sale financial assets. In both years, the impairments principally reflected a fall in the fair value of the Group's unquoted investments, see "*—Results of operations—Comparison of 2015 and 2014—Income from financial investments (net)*" and "*—Results of operations—Comparison of 2014 and 2013—Income/(loss) from financial investments (net)*". In addition, in 2015, the Group recorded (in other comprehensive loss) a net decrease in the fair value of its available for sale investments of AED 1,825 million and, in each of 2014 and 2013, it recorded (in other comprehensive income) a net increase in the fair value of its available for sale investments of AED 489 million and AED 3,227 million, respectively, in all cases principally reflecting changes in the values of its quoted available for sale securities. Changes in the fair value of its available for sale securities do not represent cash inflows or outflows to the Group.

Volatility in stock market valuations and/or global market conditions in future periods could also affect the Group's available for sale and FVTPL financial assets and could impact the Group's future reported results.

Income from the Group's investment in equity accounted investees

The Group's equity accounted investees comprise its jointly controlled entities and its associates. Jointly controlled entities comprise the Group's investments in distinct legal entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent of the joint venture partners for strategic financial and operating decisions. Associates are those entities in which the Group has significant influence over the financial and operating policies but does not exercise control over such policies. Significant influence is presumed to exist when the Group has between 20 per cent. and 50 per cent. of the voting power of another entity.

Equity accounted investees are accounted for using the equity method which means that the investment is initially recognised in the statement of financial position at cost under "Investment in equity accounted investees". The statement of comprehensive income records the Group's share of the results and other comprehensive income of the equity accounted investees during the period and the carrying amount on the statement of financial position is adjusted at period end to reflect the results of those entities as well as any dividends, additions, disposals or impairments during the period concerned. Where the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued save to the extent that the Group has a legal or constructive obligation to contribute to such losses.

Equity accounted investees have impacted and are expected to continue to impact the Group's statement of comprehensive income in four main ways:

- first, the Group's proportionate share of those companies' profits or losses is recorded as "Income from investment in equity accounted investees (net)", see "*—Results of operations—Comparison of 2015 and 2014—Income from investment in equity accounted investees (net)*" and "*—Results of*

operations—Comparison of 2014 and 2013—Income from investment in equity accounted investees (net)”;

- second, any gains or losses realised as a result of changes of interests in such companies are recorded as such in the statement of comprehensive income, see “—Results of operations—Comparison of 2015 and 2014—Income from investment in equity accounted investees (net)” and “—Results of operations—Comparison of 2014 and 2013—Income from investment in equity accounted investees (net)”;
- third, in certain cases, impairment losses are recorded and may be reversed against equity accounted investees, see “—Results of operations—Comparison of 2015 and 2014—Impairment losses (net)” and “—Results of operations—Comparison of 2014 and 2013—Impairment losses (net)”; and
- fourth, in certain cases, the Group’s share of equity movements of equity accounted investees that are directly recognised in the investee’s equity may be recognised in the Group profit or loss.

In each of 2015, 2014 and 2013, the Group recorded net income from investment in equity accounted investees of AED 4,983 million, AED 4,725 million and AED 3,776 million, respectively. The significant increase in 2014 principally reflected an increase in the Group’s share of the results of EGA due to an increase in aluminium prices. The increase in 2015 primarily reflected a gain on the disposal of Advanced Military Maintenance Repair and Overhaul Center (AMMROC) and a combination of an increase in the Group’s share of the results of FIP and equity movements in FIP that the Group recognised in profit or loss. These increases were partially offset by decreases in the Group’s share of the results of EGA and Dolphin Energy, due to declines in aluminium and gas prices, respectively,

The Group’s share of the results of its equity accounted investees does not represent cash inflows. The Group receives cash dividends from its equity accounted investees but the amount of such dividends does not necessarily bear any relationship to the Group’s share in the results of its equity accounted investees. In addition, indebtedness incurred by the Group’s equity accounted investees may contain covenants which prevent or restrict distributions to the Company until such time as the relevant indebtedness has been repaid. See “Risk Factors—Factors that may affect the Guarantor’s ability to fulfil its obligations under the Guarantee—Risks relating to the Group and its strategy—The availability of Group operating cash flow may be limited”.

Other income (net)

The Group’s other income (net) includes the gains and losses that it realises on the disposal of available for sale financial assets, FVTPL financial assets, the disposal of, or the acquisition of interests in, subsidiaries and the disposal of property, plant and equipment, as well as other individually less significant items of other income. In each of 2015, 2014 and 2013, the Group’s other income (net) was AED 1,385 million, AED 2,814 million and AED 1,115 million, respectively. The lower other income (net) in 2015 compared to 2014 principally reflected lower gains on the disposal of subsidiaries, lower realised gains on the sale of available for sale financial assets and a small loss on the sale of property, plant and equipment compared to an AED 382 million gain in 2014. The higher other income (net) in 2014 compared to 2013 was driven by gains of AED 785 million on the disposal of subsidiaries (no subsidiaries were disposed of in 2013) and significantly higher realised gains on the sale of available for sale financial assets.

REVENUE FROM THE SALE OF GOODS AND SERVICES

During the periods under review, the Group’s revenue from the sale of goods and services has principally been derived from:

- sales of semiconductor wafers, see “—Sale of semiconductor wafers”;

- aircraft maintenance and repairs, components leasing and sales, see “—*Aircraft maintenance and repairs, components leasing and sales*”; and
- sales of hydrocarbon products, see “—*Sale of hydrocarbon products*”.

Other, less material, sources of the revenue for the Group include:

- satellite capacity leasing revenue derived from the Group’s subsidiary, Yahsat, which launched its first satellite in April 2011 and its second satellite in April 2012, see “*Description of the Group—Global platforms—Aerospace & Engineering Services global platform—Information & Communication Technology business unit—Satellite telecommunications*”;
- revenue from medical services, see “*Description of the Group—Global platforms—Emerging Sectors global platform—Mubadala Healthcare*”; and
- revenue from the supply of chilled water, representing revenue generated by Tabreed, see “*Description of the Group—Global platforms—Technology & Industry global platform—Industry*”.

Sale of semiconductor wafers

The Group, through GLOBALFOUNDRIES, derives revenue principally from the fabrication and sale of semiconductor wafers. In each of 2015, 2014 and 2013, the Group’s revenue from the sale of semiconductor wafers accounted for 54.1 per cent., 48.9 per cent. and 48.8 per cent., respectively, of the Group’s total consolidated revenue from the sale of goods and services. The significant increase in 2015 principally reflected increased revenue at GLOBALFOUNDRIES following the acquisition of the IBM MD business in July 2015.

GLOBALFOUNDRIES provides wafer fabrication services and technologies to semiconductor suppliers and systems companies and focuses on providing foundry services to customers that serve high-growth, technologically advanced applications for the communications, consumer and computer sectors. GLOBALFOUNDRIES currently owns, or has an interest in, 10 operating fabrication facilities - Fab 1, in Dresden, Germany, Fabs 2, 3, 3E, 5, 6 and 7, in Singapore, Fab 8 in Malta, upstate New York, Fab 9 in Burlington, Vermont and Fab 10 in East Fishkill, upstate New York. GLOBALFOUNDRIES’ principal customers are located in the United States, Europe and Asia (including Japan).

As a dedicated foundry, GLOBALFOUNDRIES’ financial performance largely depends on a number of internal factors including timeliness in introducing technology and manufacturing solutions, ability to enter into arrangements with diverse customers for high volume production, product mix and maintaining high capacity utilisation rates, as well as external factors such as product pricing, general economic and semiconductor market conditions and industry cycles. Key factors that are expected to impact 2016 performance include slowdown in sales of high-end mobile devices as well as price competition in certain segments.

To enhance its position in technology and manufacturing solutions in the marketplace, GLOBALFOUNDRIES collaborates with other companies in the industry to develop the required solutions, including process and manufacturing technologies, electronic design automation and intellectual property enablement. This collaborative model allows GLOBALFOUNDRIES to share both cost and risks while at the same time accelerating its progress. See “*Risk Factors—Factors that may affect the Guarantor’s ability to fulfil its obligations under the Guarantee—Risks relating to the Group’s semiconductor manufacturing business—If GLOBALFOUNDRIES is unable to remain a technological leader in the semiconductor industry, it may become less competitive*”. A critical competency required in the foundry business is the ability to manufacture wafers efficiently for a diverse group of customers with a large number of products and devices. GLOBALFOUNDRIES strives to achieve this objective in its operations and serves multiple customers in the communications, consumer and computer sectors of the market. GLOBALFOUNDRIES does not set limits for its exposure in any specific sector mentioned above.

Customers expect foundries to continuously invest in leading-edge capabilities to serve their needs in a timely manner. The equipment used in a foundry's manufacturing facilities is complex, sophisticated and requires a high level of investment. GLOBALFOUNDRIES makes ongoing capital expenditure decisions based on an analysis of industry and market conditions, opportunities and expected demand from existing and prospective customers. Due to the high level of investments made in equipment, a significant amount of GLOBALFOUNDRIES' cost is fixed in nature in the form of depreciation. Therefore, maintaining a high rate of manufacturing capacity utilisation is critical to generating healthy financial performance.

Certain industry-specific factors can have a significant impact on the Group's results of operations from semiconductor manufacturing. These include volatility of the semiconductor industry, the substantial capital expenditures needed to remain competitive, challenges related to pricing, product mix, technology migration and manufacturing capacity utilisation rates.

Volatility of the semiconductor industry

Fabs can take several years to plan, construct and begin operations. Therefore, during periods of favourable market conditions, semiconductor manufacturers, which include dedicated foundry service providers, often begin building new fabs in response to anticipated demand growth for semiconductors. Due to the capital intensive nature of the industry, new fabs are constructed on a size to ensure economies of scale. Consequently, as these new fabs commence ramping operations, a significant amount of manufacturing capacity is made available to the semiconductor market. In the absence of growth in demand, or if growth occurs slower than anticipated, this results in excess supply which in turn results in semiconductor manufacturing overcapacity, which can lead to sharp drops in the utilisation of the fabs and increased pressure on wafer selling prices.

Manufacturing capacity utilisation rates

The term "capacity utilisation" means the actual number of semiconductor wafers processed at a fab in relation to the total number of wafers the fab has the capacity to process. Capacity utilisation affects the Group's operating and financial results from semiconductor manufacturing because a large percentage of its semiconductor manufacturing operating costs are fixed. Factors which can affect capacity utilisation rates include customer demand for the products concerned, the complexity and mix of the wafers produced, overall industry conditions, operating efficiencies, supply chain disruptions, mechanical failure, disruption of operations due to expansion of operations or relocation of equipment and fire or natural disaster. The Group is unable to control many of these factors. See "Risk Factors—Factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee—Risks relating to the Group's semiconductor manufacturing business".

Pricing, product mix and technology migration

The pricing of a wafer is determined by the technological complexity of the chip design on the wafer. The manufacturing process of chips with higher-level functionality and greater system-level integration requires more manufacturing steps and typically commands higher selling prices within the introduction of a new technology (that is, migration to a new technology node). However, increasing the technological complexity of the chips manufactured by the Group does not necessarily lead to increased profitability because the higher selling prices for such devices may be offset by depreciation and other costs associated with an increase in the capital expenditures needed to manufacture them. As the price of wafers varies significantly with technology and design complexity, the mix of wafers produced affects revenue and profitability. The prices of wafers for a given level of technology and device complexity will generally decline over the product life cycle and foundries must continue to migrate to increasingly sophisticated technologies (that is, smaller nodes) or introduce value added solutions to sustain the same level of profitability.

Substantial capital expenditures

Semiconductor manufacturing is capital intensive in nature, requiring large investments in sophisticated facilities and equipment. In each of 2015, 2014 and 2013, the Group's capital expenditure in relation to

GLOBALFOUNDRIES amounted to AED 10.8 billion, AED 17.4 billion and AED 8.3 billion and, in all three years, principally related to the expansion of Fab 1 in Dresden, equipment purchases for the Singapore fabs and the construction of Fab 8 in Malta, upstate New York.

Aircraft maintenance and repairs, components leasing and sales

In each year under review, the Group's revenue from aircraft maintenance and repairs, components leasing and sales was principally derived from SR Technics and, to a lesser extent in 2014 and 2013, from Abu Dhabi Aircraft Technologies LLC (**ADAT**), which was sold in June 2014. In 2015, 82.0 per cent. of the Group's revenue from aircraft maintenance and repairs, components leasing and sales was derived from SR Technics. In 2015, 2014 and 2013, the Group's revenue from aircraft maintenance and repairs, components leasing and sales accounted for 16.8 per cent., 18.9 per cent. and 19.9 per cent., respectively, of the Group's total revenue from the sale of goods and services.

Sale of hydrocarbon products

In each year under review the Group's revenue from the sale of hydrocarbons was principally derived from the sale of its share of the natural gas and natural gas liquids produced from Qatar's offshore North Field by the upstream activities of the Dolphin Project and crude oil extracted principally from the Jasmine field in South East Asia. See "*Description of the Group—Global platforms—Energy global platform—Mubadala Petroleum—The Dolphin Project*" and "*Description of the Group—Global platforms—Energy global platform—Mubadala Petroleum—MPSEA*", respectively. In addition to the Dolphin Project and MPSEA, the Group also has a number of other production sharing agreements which are accounted for as joint operations and two of these (Mukhaizna Block 53 and the Bahrain Field) also generate hydrocarbon revenue for the Group.

In 2015, 2014 and 2013, the Group's revenue from the sale of hydrocarbons (net of royalties) accounted for 13.2 per cent., 16.8 per cent. and 16.9 per cent., respectively, of the Group's total revenue from the sale of goods and services. The Group's revenue from the sale of hydrocarbon products has been materially affected during the periods under review by changes in hydrocarbon production and net entitlement values and by changes in prices and other factors.

World oil prices are volatile and have decreased significantly since mid-2014. The annual average price of the OPEC Reference Basket was U.S.\$49.49 per barrel in 2015 compared to U.S.\$96.29 per barrel in 2014 and U.S.\$105.87 per barrel in 2013. The Group's proportionate share of the revenue from the upstream activities of the Dolphin Project and its revenue from MPSEA will continue to be significantly impacted by any future volatility in world oil prices. OPEC Reference Basket price movements are shown solely to illustrate the historic volatility in international crude oil prices and no implication is intended that the Group's revenue from crude oil production is directly linked to the price of the OPEC Reference Basket.

The Dolphin Project

The Dolphin Project commenced in December 2001 and involves the extraction and processing of natural gas and its sale to Dolphin Energy as well as the production and sale of certain natural gas liquids and other products resulting from the processing of natural gas in Qatar (referred to as the **upstream activities**) and the transportation by Dolphin Energy of the natural gas by pipeline to the UAE for on-sale to end users (referred to as the **midstream activities**). The Group holds a 51.0 per cent. interest in the upstream activities through Dolphin Investment Company LLC (**DIC**), a wholly-owned subsidiary of the Company. The upstream activities are carried out by Dolphin Energy as operator and for and on behalf of the partners in the Dolphin Project, including DIC. These activities are accounted for by the Group as joint operations and, accordingly, the Group's share of these activities is consolidated on a line by line basis in the Financial Statements. The Group's share of the revenue generated by the upstream activities is reported under "Revenue from the sale of goods and services" in the Group's statement of comprehensive income. The Group's 51.0 per cent. interest in Dolphin Energy through DIC, which operates the midstream activities of the Dolphin Project, is accounted for as a

jointly controlled entity and, accordingly, the Group's share of the results of Dolphin Energy is accounted for under the equity method of accounting.

The Qatar-UAE gas pipeline operated by Dolphin Energy opened in mid 2007 and reached full capacity in early 2008. The concession under which the Dolphin Project operates expires in 2032, subject to a renewal option for a further five-year period which in turn is subject to satisfaction of certain terms and conditions to be agreed upon by the parties at the time.

Revenue from the upstream activities of the Dolphin Project may be affected by changes in market prices for crude oil which can be volatile. Revenue from the midstream activities of the Dolphin Project may also be affected by the movements in international gas prices, principally because Dolphin Energy uses the available capacity in the pipeline to transport and sell additional gas purchased by it from third parties in Qatar. The majority of Dolphin Energy's gas sales are, however, made pursuant to long-term contracts which are not based on short-term price movements.

MPSEA

MPSEA was the source of 40.3 per cent. of the Group's revenue from the sale of hydrocarbons in 2015 compared to 34.8 per cent. in 2014 and 30.5 per cent. in 2013. MPSEA's revenue is affected by changes in production volumes and market prices for crude oil which can be volatile. In October 2013, MPSEA began producing gas from its Ruby gas project offshore Indonesia, in November 2014 it began producing oil from its Manora offshore oil field project in the Gulf of Thailand and, in June 2015, it began producing oil from its Nong Yao offshore oil field project in the Gulf of Thailand, see "*Description of the Group—Global platforms—Energy global platform—Mubadala Petroleum—MPSEA*".

OTHER FACTORS AFFECTING RESULTS OF OPERATIONS

Impact of one-off transactions

As part of its strategy, the Group may from time to time consider strategic acquisitions, investments in joint ventures and acquisitions of minority stakes in companies as well as other potential investments. In addition, the Group may also from time to time make significant divestments of assets or businesses. Any such future acquisitions, joint venture investments or other investments or divestments made by the Group could significantly affect its results of operations during 2016 and later years.

CERTAIN SIGNIFICANT ACCOUNTING POLICIES

For a discussion of the significant accounting policies applied by the Group generally, see note 3 to the 2015 Financial Statements.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group prepares its financial statements in accordance with IFRS. The preparation of the Group's financial statements requires management to make certain estimates and judgements, the most significant of which are described below.

Significant estimates

- **Impairment losses**—the estimation of impairment losses and any reversals of these losses, in particular for the Group's equity accounted investees, its available for sale financial assets which are not publicly traded, its property, plant and equipment, intangible assets and its trade and other receivables. In connection with the preparation of its financial statements, the Group reviews its equity accounted investees to determine whether or not there is any indication of impairment and, if

so, to assess any impairment losses. In determining whether or not to record impairment losses in relation to its equity accounted investees in profit or loss, the Group makes judgements as to whether there is any objective data indicating a measurable decrease in the estimated future cash flows on a case-by-case basis and an impairment loss is recorded if it is determined that this is the case. Impairment losses in the Group's available for sale financial assets are calculated by reference to their fair value which, in turn, in the case of listed securities, is measured by reference to their quoted prices. In the case of unlisted available for sale financial assets, appropriate valuation techniques are used or, if the fair value cannot be reliably determined, the investment is carried at cost less impairment losses. The Group's trade and other receivables (including loan receivables) are also reviewed for impairment at each reporting date both at a specific asset level for individually significant receivables and at a collective level. For receivables measured at amortised cost, the impairment loss is calculated as the difference between the carrying amount of the receivable and the present value of its estimated future cash flows discounted at the receivable's effective interest rate.

- **Quantities of proved oil and gas reserves**—depreciation on certain of the Group's property, plant and equipment is estimated on the basis of oil and gas reserves. There are numerous uncertainties inherent in estimating quantities of proved and probable oil reserves. Oil reserve engineering is a subjective process of estimating underground volumes of oil that cannot be precisely measured, and estimates of other engineers might differ materially from the estimates used by the Group. The accuracy of any reserve estimate is a function of the quality of available data and associated engineering and geological interpretations and judgements. Results of drilling, testing and production subsequent to the date of the estimate may justify the revision of such estimates. Accordingly, reserve estimates are often different from the quantities of oil and gas that are ultimately recovered. The Group's share of the oil and gas reserves that may be ultimately recovered from its joint ventures is subject to production sharing agreements.
- **Business combinations:** Accounting for the acquisition of a business requires the allocation of the purchase price to the various assets and liabilities of the business acquired. For most assets and liabilities, this is accomplished by recording the asset or liability at its estimated fair value. Determining the fair value of the assets and liabilities assumed requires judgment by management and often involves the use of significant estimates and assumptions, including assumptions relating to future cash inflows and outflows, discount rates, useful lives of licences and other assets and market multiples. The Group's management uses all available information to make these fair value determinations.
- **Useful lives of property, plant and equipment:** The Group's management determines the estimated useful lives of property, plant and equipment for calculating depreciation. The estimate is made after considering the current usage of each asset compared to the full utilisation capability of the asset concerned and its physical wear and tear. Management reviews the residual value and useful life of each asset annually and the future depreciation charge is adjusted where management believes that the useful life differs from previous estimates.
- **Determination of fair value of financial investments:** The Group values its financial investments using a range of techniques, including quoted market prices and rates and discounted cash flow analyses. Certain unquoted securities are valued at cost less impairment as no other reliable measure of fair value is available. In these cases, management is required to exercise significant judgment in determining whether or not and the extent to which such a financial investment may be impaired.
- **Income taxes:** In determining taxable income for reporting purposes, management makes certain estimates in calculating tax liabilities and in determining the recoverability of deferred tax assets, which arise from temporary differences between the recognition of assets and liabilities for tax and financial statement reporting purposes. For example, management assesses the likelihood that the Group will be able to recover deferred tax assets and, if recovery is not considered to be probable, the deferred tax assets are derecognised.

Significant judgments

- **Real Estate Assets and Investment Properties**—the determination as to whether or not any real estate granted to the Group by the Government should be recognised as an asset on the statement of financial position and, in the case of any real estate asset recognised as an investment property, the determination of the fair value of that investment property. In order to be recognised as an asset on the statement of financial position, management must have established plans to utilise the real estate in question and concluded that it is probable that future economic benefits will flow to the Group from its ownership of such real estate. The determination as to whether or not this is the case is made by management using guidelines approved by the Board and the determination is subsequently approved by the Board. In particular, management considers whether there is an identified use for the land and whether or not any project associated with the land has been included in an approved budget. Once it is satisfied that potential benefits will flow to the Group in respect of the land, management also needs to satisfy itself that those benefits can be reasonably quantified. For example, management is currently unable to reliably determine the overall development cost and associated income streams arising out of its development plan for substantial portion of the Masdar City project. In addition, as the economic viability of each individual plot within Masdar City has to be determined before construction commences, management cannot currently determine the overall economic benefit or the timing of the overall project at this time. In addition, once management has determined to recognise a particular parcel of real estate as an investment property, judgment is required to be exercised in determining the most appropriate valuation methodology for that investment property. This determination is made by management using guidelines approved by the Board and the determination is subsequently approved by the Board. This determination may vary depending on the circumstances, as has been the case with the Abu Dhabi Global Market Square development on Al Maryah Island. For example, see “—Results of Operations—Comparison of 2014 and 2013—Increase in the fair value of investment properties (net)”.
- **Decommissioning liabilities:** The Group periodically assesses the uncertainties inherent in estimating decommissioning and other environmental liabilities and makes judgments relating to the likely costs involved and the timing of these costs.
- **Consolidation decisions:** The Group fully consolidates its subsidiaries and accounts for its equity accounted investees using the equity method. In certain cases, management judgement is required in the determination of which entities should be consolidated as subsidiaries and equity accounted investees in the Group’s financial statements and the extent of such consolidation. For example, companies in respect of which management judgement has been exercised include, but are not limited to, Tabreed, Aldar and du.

Significant estimates and judgements

- **Service concession contracts**—International Financial Reporting Interpretations Committee (“IFRIC”) 12—Service Concession Arrangements defines a service concession arrangement as an arrangement whereby a grantor contracts with a private operator to develop (or upgrade), operate and maintain the grantor’s infrastructure assets. The grantor controls or regulates what services the operator must provide using the assets, to whom, and at what price, and also controls any significant residual interest in the assets at the end of the term of the arrangement. IFRIC 12 draws a distinction between two types of service concession arrangement. In one arrangement, the operator receives a financial asset, specifically an unconditional contractual right to receive a specified or determinable amount of cash or another financial asset from the grantor in return for constructing or upgrading a public sector asset, and then operating and maintaining the asset for a specified period of time. In the other arrangement, the operator receives an intangible asset, being a right to charge for the use of a public sector asset that it constructs or upgrades and then must operate and maintain for a specified period of time. A right to charge users is not an unconditional right to receive cash because the amounts that may be received are contingent on the extent to which the public uses the service.

IFRIC 12 allows for the possibility that both types of arrangement may exist within a single contract. Based on IFRIC 12, the Group has determined that its university service concession arrangements comprise both types of arrangement, with the fixed availability charge for construction and facility management paid to the Group comprising a financial asset and the rental income derived by the Group comprising an intangible asset.

In accordance with its university service concession agreements, the Group is obliged to provide repair and maintenance services to each university during the relevant concession period. Management has estimated the timing and cost of such services, but these may change based on actual experience. Any such changes could affect the contract profitability and the effective interest rate on receivables.

RESULTS OF OPERATIONS

Comparison of 2015 and 2014

Revenue from sale of goods and services

The table below shows the breakdown of the Group's revenue from the sale of goods and services for each of 2015 and 2014.

	2015		2014	
	<i>(AED million)</i>	<i>(% of total)</i>	<i>(AED million)</i>	<i>(% of total)</i>
Sale of semiconductor wafers	18,421	54.1	15,981	48.9
Aircraft maintenance and repairs, components leasing and sales	5,711	16.8	6,180	18.9
Sale of hydrocarbons (net of royalties)	4,492	13.2	5,480	16.8
Satellite capacity service revenue	1,253	3.7	1,249	3.8
Medical services	1,108	3.3	856	2.6
Revenue from the supply of chilled water	781	2.3	733	2.2
Revenue from information technology services	435	1.3	422	1.3
Revenue from renewable energy	322	0.9	323	1.0
Finance lease income	312	0.9	229	0.7
Other	1,217	3.5	1,208	3.8
Total revenue from sale of goods and services	34,052	100.0	32,661	100.0

The Group's total revenue from the sale of goods and services during 2015 amounted to AED 34,052 million compared to AED 32,661 million in 2014, an increase of AED 1,391 million, or 4.3 per cent.

The Group's principal sources of revenue in the two years under review were from the sale of semiconductor wafers, from aircraft maintenance and repairs, components leasing and sales and from the sale of hydrocarbons. Together, these three sources of revenue comprised 84.1 per cent. and 84.6 per cent. of the Group's revenue in 2015 and 2014, respectively.

Revenue from the sale of semiconductor wafers was derived solely from GLOBALFOUNDRIES. Revenue from the sale of semiconductor wafers increased by AED 2,440 million, or 15.3 per cent., in 2015. This increase principally reflected higher revenue due to acquisition of the IBM MD business in July 2015 which was partially offset by lower shipments to certain customers.

Revenue from aircraft maintenance and repairs, components leasing and sales fell by AED 469 million, or 7.6 per cent., in 2015. This principally reflected no revenue from ADAT in 2015 as it was sold in June 2014 and a negative currency exchange rate effect at SR Technics, for which the euro is the functional currency.

Revenue from the sale of hydrocarbons fell by AED 988 million, or 18.0 per cent., in 2015. This principally reflected lower international crude oil prices during 2015, which particularly impacted Dolphin Energy and the Group's Mukhaizna Block 53 joint operation, but which was offset to an extent by increased quantities of hydrocarbons sold, particularly at MPSEA through its Manora and Nong Yao oil fields coming on stream in November 2014 and June 2015, respectively.

The principal movement in the Group's other sources of revenue in 2015 compared to 2014 was an AED 252 million, or 29.4 per cent., increase in medical services revenue, principally reflecting increased patient numbers at the Imperial College London Diabetes Center and Health Point Hospital LLC (**Healthpoint**).

Cost of sales of goods and services

The table below shows the breakdown of the Group's cost of sales of goods and services for each of 2015 and 2014.

	2015		2014	
	<i>(AED million)</i>	<i>(% of total)</i>	<i>(AED million)</i>	<i>(% of total)</i>
Depreciation of property, plant and equipment	9,974	30.2	7,925	29.4
Raw material.....	6,726	20.4	6,483	24.0
Staff costs	5,527	16.7	5,592	20.7
Maintenance	2,179	6.6	1,828	6.8
Amortisation of intangible assets.....	267	0.8	122	0.5
Other	8,370	25.3	5,047	18.6
Total cost of sale of goods and services	33,043	100.0	26,997	100.0

The Group's principal costs of sale of goods and services includes depreciation charges on property, plant and equipment (principally that used to manufacture semiconductor wafers and the Group's oil and gas assets), the raw materials used by it to manufacture the goods sold (principally semiconductor wafers) and deliver the services provided (principally repair and maintenance services for aircraft) and the costs of staff employed in the production of the goods sold and in the provision of the services provided by the Group. Together, these categories comprised 67.3 per cent. of the Group's total cost of goods and services in 2015 compared to 74.1 per cent. in 2014.

The Group's total cost of sale of goods and services for 2015 amounted to AED 33,043 million compared to AED 26,997 million for 2014, an increase of AED 6,046 million, or 22.4 per cent.

The Group's depreciation of property, plant and equipment for 2015 increased by AED 2,049 million, or 25.9 per cent., principally reflecting increased depreciation at Fab 8 in 2015 following the start of commercial operations in mid-2014 and depreciation costs arising from Fabs 9 and 10 which were acquired as part of the IBM MD business in mid-2015.

The Group's cost of raw materials for 2015 increased by AED 243 million, or 3.8 per cent., principally reflecting the acquisition of new fabs as part of the IBM MD business.

The Group's cost of maintenance for 2015 increased by AED 351 million, or 19.2 per cent., principally reflecting a full year's maintenance costs for Fab 8 in 2015.

The Group's other costs of sale of goods and services increased by AED 3,323 million, or 65.8 per cent. in 2015, principally due to the sale of inventory acquired through the acquisition of IBM MD business (in relation to which both revenue and the related cost of goods sold was recognised in respect of the inventory), in addition to the development cost relating to a technology cooperation agreement with IBM.

Gross profit

The Group's gross profit fell by AED 4,656 million, or 82.2 per cent., in 2015 from AED 5,664 million in 2014 to AED 1,009 million. The Group's gross profit margins were 3.0 per cent. in 2015 and 17.3 per cent. in 2014. The decrease is principally due to the increased cost of sales for the semiconductors business and the lower revenue generated from the sale of hydrocarbons.

Income from investments in equity accounted investees (net)

The Group's income from its investments in equity accounted investees comprises its share of the results of its associates and jointly controlled entities as well as any gain or loss made on the disposal of interests in its equity accounted investees and its share of equity movements in one of its equity accounted investees.

The table below shows the Group's net income from its investment in equity accounted investees for each of 2015 and 2014.

	2015	2014
	(AED million)	
Share of results of jointly controlled entities	3,003	4,060
Share of results of associates	685	584
Gain on disposal of investment in equity accounted investees	966	81
Share of equity movements of a jointly controlled entity	329	—
Total income from investment in equity accounted investees (net)	4,983	4,725

The Group's total net income from its investments in equity accounted investees increased by AED 258 million, or 5.5 per cent., in 2015. This reflected a decline in its share of results of jointly controlled entities which was more than compensated for by increases in other categories of this line item, which included a one-off gain realised from the disposal of certain equity accounted investees.

Jointly controlled entities

At 31 December 2015 and 31 December 2014, the Group had 41 and 35 jointly controlled entities, respectively, of which it considered six to be significant at 31 December 2015 and four at 31 December 2014. In each period, profits were realised at certain jointly controlled entities which were offset in part by losses at other jointly controlled entities.

All of the Group's significant jointly controlled entities were profitable in 2015 and 2014, except for Matsa in 2015, and the Group's share of the profit from its significant jointly controlled entities was AED 2,890 million in 2015 and AED 3,846 million in 2014. The significant jointly controlled entities were:

- Dolphin Energy. Dolphin Energy is the joint venture that manages and controls the midstream portion of the Dolphin Project. See "Description of the Group—Global platforms—Energy Global Platform—Mubadala Petroleum—The Dolphin Project";
- EGA, which is jointly owned with the Investment Corporation of Dubai and through which the Group holds a 50 per cent. interest in each of Dubai Aluminium PJSC (**DUBAL**) and Emirates Aluminium Company Limited PJSC (**EMAL**). See "Description of the Group—Global platforms—Technology & Industry global platform—Industry—Aluminium". The Group acquired joint control of the assets comprising EGA on 31 December 2013, although for accounting purposes the transaction was effective from 1 January 2013;
- MGE Holdings LP and Mubadala GE Capital PJSC (together, **Mubadala GE Capital**), which are part of the Group's global commercial finance joint venture with GE. Following the announcement by GE in April 2015 that it is exiting the commercial finance business, the assets of Mubadala GE

Capital are being sold to a third party. On an aggregate basis, these entities were profitable in each of 2015 and 2014;

- FIP, a Brazilian company through which the Group holds its interest in Porto Sudeste, see “*Description of the Group—Global Platforms—Emerging Sectors global platform—Mubadala Capital*”;
- Emirates Defence Industries Company (**EDIC**), which is engaged in integrated national defense manufacturing and services platform, providing facilities, technology and support services, see “*Description of the Group—Global Platforms—Aerospace & Engineering Services global platform—Aerospace & Defence Services business unit—Military services and manufacturing—EDIC*”; and
- Matsa, which operates mining concessions in Spain relating to the extraction and processing of copper, lead, zinc and silver, see “*Description of the Group—Global Platforms—Technology & Industry global platform—Industry—Mining—Matsa*”.

The principal reasons for the AED 1,057 million, or 26.0 per cent. fall in the Group’s share of results from its jointly controlled entities from AED 4,060 million in 2014 to AED 3,003 million in 2015 were the lower realised prices of aluminium in EGA and lower gas prices and volumes of the midstream activities of the Dolphin project. These effects were offset to an extent by improved performance at FIP and another, less material, jointly controlled entity.

Associates

In 2015, the Group’s share of the results of its associates increased by AED 101 million, or 17.3 per cent., from AED 584 million in 2014 to AED 685 million in 2015. During 2015 and 2014, the Group shared proportionately in the profits and losses of two material associates:

- Aldar, which is a 29.7 per cent. owned associate; and
- du, which is a 20.1 per cent. owned associate.

The principal reasons for the increase in the Group’s share of results from its associates was improved performance at Aldar and another, less material, associate.

Other operating income items

The Group’s other operating income items include Government grant income to fund, among other things, the annual Zayed Future Energy Prize for innovation and leadership in renewable energy and sustainability and the Masdar Institute of Science and Technology, dividend income received on its equity investments and finance income on loans given to third parties and related parties, each of which is recorded on the face of the comprehensive income statement. Together, these other operating income items in 2015 amounted to AED 2,207 million compared to AED 1,859 million in 2014, an increase of AED 348 million, or 18.7 per cent. This increase principally reflected an AED 490 million, or 65.4 per cent., increase in dividend income resulting from dividend income from AMMROC, which was classified as held for sale during 2015 before being sold to EDIC in the fourth quarter of 2015, and increased dividends from the Group’s investment in Carlyle.

In addition, the Group’s other operating income items include a range of other items recorded under other income (net) and, in 2015, the Group recorded a significant bargain purchase gain, as to which see “*Principal components of, and key factors affecting, results of operations—Other income (net)*” and “*Principal components of, and key factors affecting, results of operations—Bargain purchase gain in 2015*”.

Operating expenses

The table below shows the breakdown of the Group's operating expenses for each of 2015 and 2014.

	2015		2014	
	(AED million)	(% of total)	(AED million)	(% of total)
Research and development expenses.....	3,056	32.3	3,754	34.8
Exploration costs	273	2.9	661	6.1
Other general and administrative expenses.....	6,128	64.8	6,357	59.1
Total operating expenses.....	9,457	100.0	10,772	100.0

In 2015, the Group's operating expenses amounted to AED 9,457 million compared to AED 10,772 million in 2014, a fall of AED 1,315 million, or 12.2 per cent.

In particular:

- in 2015 and 2014, the Group's research and development (**R&D**) expenses, which are almost entirely attributable to GLOBALFOUNDRIES, amounted to AED 3,056 million and AED 3,754 million, respectively, equal to 16.6 per cent. and 23.5 per cent. of GLOBALFOUNDRIES's revenue for the respective years. GLOBALFOUNDRIES conducts its R&D activities in-house and through joint development agreements (**JDA**s) with other technology companies. In particular, GLOBALFOUNDRIES has JDAs relating to 10nm, 7nm and certain other advanced technologies to be implemented on silicon wafer manufacturing. Typically, GLOBALFOUNDRIES pays fees to its technology partners under the JDAs and also agrees to pay royalties upon the occurrence of certain defined events and these are included under R&D expenses. The AED 698 million, or 18.6 per cent., fall in R&D expenses in 2015 principally resulted from material maintenance and other costs for Fab 8 which were classified as cost of goods sold for the whole of 2015 following the commencement of commercial operations at Fab 8 in mid 2014;
- the Group's exploration costs fell by AED 388 million, or 58.7 per cent., in 2015, principally as a result of lower drilling activities;
- the Group's other general and administrative expenses fell by AED 229 million, or 3.6 per cent., in 2015. Other general and administrative expenses includes staff costs not charged under other headings, which accounted for 53.4 per cent. and 50.8 per cent. of total general and administrative expenses in 2015 and 2014, respectively. Staff costs increased by AED 48 million, or 1.5 per cent. in 2015. The most significant change in general and administrative expenses was a decrease of AED 300 million, or 25.8 per cent., in other non-individually itemised categories.

Profit before unrealised fair value changes, impairments, net finance expense and taxes

Reflecting the fall in gross profit and the other factors described above, the Group's profit before fair value changes, impairments, net finance expense and taxes in 2015 fell by AED 2,255 million, or 52.6 per cent., from AED 4,291 million in 2014 to AED 2,035 million.

Income from financial investments (net)

In 2015, the Group's net income from financial investments was AED 3,447 million compared to AED 1,283 million in 2014. The Group's net income from financial investments principally comprises the sum of the net change in fair values of FVTPL investments, the net change in the fair values of derivatives used as economic hedges and any impairment losses made on available for sale securities.

In 2015, the net increase in the fair value of the Group's FVTPL investments was AED 2,726 million compared to AED 1,348 million in 2014. The increase in 2015 principally reflected an increase in the fair value of the Group's investment in GE shares and, to a lesser extent, in the fair value of the Port 11 securities, which was countered by a decrease in the fair value of its investment in the fund which holds RBI stock.

In 2015, the Group recorded a positive change of AED 721 million on the fair values of certain derivatives used as economic hedges and not designated for hedge accounting. In 2014, the change was negative in the amount of AED 30 million.

In 2014, the Group recorded impairment losses of AED 36 million on certain unquoted available for sale investments. No impairments were recorded in 2015.

Increase in the fair value of investment properties (net)

In 2015, the net fair value of the Group's investment properties increased by AED 39 million compared to an increase of AED 548 million in 2014.

In 2014, the Group reassessed the fair value of its Abu Dhabi Global Market Square development on Al Maryah Island based on higher contracted lease rentals achieved during the year. This gave rise to an AED 460 million increase in the fair value of the development in 2014. There were no other individually significant fair value gains or losses in 2015 and 2014.

Impairment losses (net)

The Group records impairment losses in relation to a range of assets including financial investments, property, plant and equipment, loans and receivables, intangible assets and equity accounted investees. In 2015, the Group's net impairment losses (excluding its impairment losses on available for sale financial investments, which are discussed under "*Income from financial investments (net)*") amounted to AED 4,007 million compared to AED 3,257 million in 2014, with the increase resulting from:

- an AED 2,736 million impairment on loans and receivables owed to the Group in 2015 compared to an AED 762 million impairment in 2014. The impairment in 2015 was primarily driven by covenant breaches on a loan to a third party (the **Third Party Loan**) which was subsequently modified and repaid in part (as described below). Notwithstanding these measures, the impairment reflected the Group's assessment that the Third Party Loan would not be repaid in full;
- an AED 269 million impairment on property, plant and equipment in 2015 compared to an AED 2,226 million impairment in 2014. In both years, the principal item of impairment was oil and gas assets, with the significantly greater impairment in 2014 relating to certain joint venture blocks in the Middle East and Central and South East Asia regions and driven by the higher carrying amounts against the assessed recoverable amounts in the light of falling hydrocarbon prices;
- an AED 838 million impairment on intangible assets in 2015 compared to an AED 346 million impairment in 2014. In 2015, this principally reflected impairment charges on certain trademarks acquired through business combinations and, in 2014, it reflected a smaller charge in respect of acquired trademarks and a charge on oil and gas exploration rights; and
- an AED 164 million impairment charge on its investment in an equity accounted investee compared to an AED 77 million impairment reversal in 2014.

In March 2016, the Group announced that it had finalised the restructuring of the Third Party Loan, which it made in 2012 to the EBX Group. The Group initiated the restructuring in early 2013 when the EBX Group was unable to meet certain obligations under the terms of the original investment. Through a series of restructuring transactions completed between 2013 and 2016, the Group received a combination of cash

payments totalling AED 1.1 billion, equity interests in former EBX Group companies (including Porto Sudeste, a fund that holds RBI stock and Sociedad Minera de Santander (**Minesa**), a Colombian company focused on developing a gold mining operation in the Santander province of Colombia), Brazilian real estate and other assets in exchange for retiring the Third Party Loan. See further “*Description of the Group—Global platforms—Emerging Sectors global platform—Mubadala Capital*” and “*—Analysis of certain statement of financial position items—Significant assets*” below.

Profit before net finance expense and taxes

Reflecting the factors described above, the Group’s profit before net finance expense and taxes fell by AED 1,350 million, or 47.1 per cent., in 2015 from AED 2,865 million in 2014 to AED 1,515 million.

Net finance expense

The table below shows the breakdown of the Group’s net finance expense for each of 2015 and 2014.

	2015	2014
	<i>(AED million)</i>	
Interest income	817	927
Net foreign exchange gain	—	149
Finance income	817	1,076
Borrowing costs	(2,008)	(2,092)
Net foreign exchange loss.....	(17)	—
Finance expense	(2,024)	(2,092)
Net finance expense	(1,207)	(1,016)

The Group’s net finance expense comprises the sum of (i) the interest and other costs paid by it in respect of its borrowings and (ii) its net foreign exchange losses (if any) less the sum of (i) the interest income earned by it on its cash and cash equivalents and (ii) its foreign exchange gains (if any).

The Group’s finance income fell by AED 259 million, or 24.0 per cent., in 2015. This reflected falls of AED 110 million, or 11.8 per cent., in interest income and an AED 149 million in net foreign exchange gain in 2014 compared to no such gain in 2015.

The Group’s borrowing costs in 2015 fell by AED 85 million, or 4.0 per cent.

Income tax benefit/(expense)

In 2015, the Group recorded an income tax benefit of AED 1,103 million compared to an income tax expense of AED 627 million in 2014. The operations of GLOBALFOUNDRIES, MPSEA and SR Technics are the principal operations in the Group giving rise to tax expense and credits.

In 2015, the Group’s income tax benefit principally arose through the acquisition of the IBM MD business by GLOBALFOUNDRIES which led to the recognition of some previously unrecognised deferred tax assets in the United States.

Profit for the year

Reflecting the above factors, the Group’s profit for the year increased by AED 189 million, or 15.5 per cent., in 2015, from AED 1,222 million in 2014 to AED 1,411 million.

Other comprehensive loss

Other comprehensive loss represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners including, in the case of the Company, additional shareholder contributions and changes in ownership interest in subsidiaries.

The table below shows the breakdown of the Group's total comprehensive loss for each of 2015 and 2014.

	2015	2014
	(AED million)	
Items that may be reclassified to profit or loss in subsequent periods		
(Decrease)/increase in fair value of available for sale financial assets (net)	(1,825)	488
Cumulative gain reclassified from equity to profit or loss on disposal of available for sale financial assets (net)	(330)	(743)
Effective portion of changes in fair value of cash flow hedges and other reserves net of taxes	218	(319)
Net change in foreign currency translation reserve	(63)	(135)
Share of effective portion of changes in fair values of hedging instruments and other reserves of equity accounted investees	13	(141)
Share of movements in translation reserve of equity accounted investees	(364)	(448)
	(2,351)	(1,298)
Items that will not be reclassified to profit or loss in subsequent periods		
Net movement in defined benefit plans	(260)	(165)
Other comprehensive loss for the year net of income tax	(2,611)	(1,463)
Profit for the year	1,411	1,222
Total comprehensive loss for the year	(1,200)	(241)

The Group's other comprehensive loss net of income tax for 2015 was AED 2,611 million compared to AED 1,463 million in 2014. In 2015, other comprehensive loss principally reflected an AED 1,825 million decrease in the fair value of available for sale financial assets. In 2014, an AED 488 million increase in the fair value of available for sale financial assets only partially offset negative increases in all other items of other comprehensive loss.

The fair value of each available for sale financial asset is measured at the end of each year and the change between that fair value and the fair value at the end of the previous year (or the date of acquisition if more recent), other than any impairment loss and foreign exchange gain or loss if the financial asset is a monetary item, is recorded in the fair value reserve and reflected in other comprehensive income or loss. The changes in the fair value of available for sale financial assets principally reflect changes in the stock market valuations of quoted shares. During 2015, the Group's available for sale investments in First Gulf Bank PJSC (**FGB**) and Carlyle were the principal causes of the decrease in fair value. During 2014, the principal contributor to the increase in fair value was the Group's available for sale investment in FGB. See “—Analysis of certain statement of financial position items—Financial investments”.

Total comprehensive loss for the year

Reflecting the above factors, the Group recorded a total comprehensive loss for the year of AED 1,200 million in 2015 compared to a total comprehensive loss for the year of AED 241 million in 2014. After taking

into account non-controlling interests, the total comprehensive loss attributable to the owner of the Group was AED 1,320 million in 2015 and AED 191 million in 2014.

Comparison of 2014 and 2013

Revenue from sale of goods and services

The table below shows the breakdown of the Group's revenue from the sale of goods and services for each of 2014 and 2013.

	2014		2013	
	(AED million)	(% of total)	(AED million)	(% of total)
Sale of semiconductor wafers	15,981	48.9	15,135	48.8
Aircraft maintenance and repairs, components leasing and sales	6,180	18.9	6,175	19.9
Sale of hydrocarbons	5,480	16.8	5,253	16.9
Satellite capacity service revenue	1,249	3.8	1,069	3.4
Medical services	856	2.6	747	2.4
Revenue from the supply of chilled water	733	2.2	691	2.2
Revenue from information technology services	422	1.3	398	1.3
Revenue from the supply of renewable energy.....	323	1.0	296	1.0
Finance lease income.....	229	0.7	142	0.5
Other	1,208	3.8	1,124	3.6
Total revenue from sale of goods and services	32,661	100.0	31,030	100.0

The Group's total revenue from the sale of goods and services during 2014 amounted to AED 32,661 million compared to AED 31,030 million in 2013, an increase of AED 1,631 million, or 5.3 per cent.

The Group's major sources of revenue in each year were from the sale of semiconductor wafers, aircraft maintenance and repairs, components leasing and sales and the sale of hydrocarbons. Together, revenue from these three sources comprised 84.6 per cent. and 85.6 per cent. of the Group's revenue in 2014 and 2013, respectively.

Revenue from the sale of semiconductor wafers increased by AED 846 million, or 5.6 per cent., in 2014. This increase principally reflected higher volumes of semiconductors sold.

Revenue from aircraft maintenance and repairs, components leasing and sales was substantially flat across the two years, being AED 5 million, or 0.1 per cent., higher in 2014 than in 2013.

Revenue from the sale of hydrocarbons increased by AED 227 million, or 4.3 per cent., during 2014. This increase principally reflected a full year's production at the Ruby field in 2014, as production at that field commenced in October 2013. The decline in international oil prices from mid-2014 offset the full effects of this increase.

The Group's other sources of revenue all increased in 2014 compared to 2013.

Cost of sales of goods and services

The table below shows the breakdown of the Group's cost of sales of goods and services for each of 2014 and 2013.

	2014		2013	
	<i>(AED million)</i>	<i>(% of total)</i>	<i>(AED million)</i>	<i>(% of total)</i>
Depreciation of property, plant and equipment	7,925	29.4	7,548	29.9
Raw material.....	6,483	24.0	6,191	24.5
Staff costs	5,592	20.7	4,580	18.1
Maintenance	1,828	6.8	1,663	6.6
Amortisation of intangible assets.....	122	0.5	233	0.9
Other	5,047	18.6	5,052	20.0
Total cost of sale of goods and services	26,997	100.0	25,267	100.0

The Group's depreciation charges on property, plant and equipment (principally that used to manufacture semiconductor wafers and on oil and gas assets), its costs of staff employed in the production of the goods sold and in the provision of the services provided by the Group and the raw materials used by it (principally to manufacture semiconductor wafers and to repair and maintain aircraft) together comprised 74.1 per cent. of the Group's total cost of goods and services in 2014 compared to 72.5 per cent. in 2013.

The Group's total cost of sale of goods and services for 2014 amounted to AED 26,997 million compared to AED 25,267 million for 2013, an increase of AED 1,730 million, or 6.8 per cent.

The Group's depreciation of property, plant and equipment for 2014 increased by AED 377 million, or 5.0 per cent., and principally reflected the commencement of commercial operations at Fab 8 in mid-2014.

The Group's cost of raw materials for 2014 increased by AED 292 million, or 4.7 per cent., principally reflecting increased quantities of semiconductors sold and the start of commercial production at Fab 8.

The Group's staff costs for 2014 increased by AED 1,012 million, or 22.1 per cent., principally reflecting higher bonus accruals at GLOBALFOUNDRIES, higher subcontractor costs for Fab 7 and the commencement of commercial operations at Fab 8.

Gross profit

The Group's gross profit in 2014 was AED 5,664 million compared to AED 5,763 million in 2013, a decrease of AED 99 million, or 1.7 per cent. The Group's gross profit margins were 17.3 per cent. in 2014 and 18.6 per cent. in 2013. The fall in 2014 was principally driven by the increased cost of sales for the semiconductors business which was offset to an extent by increased revenue and gross profit at the Ruby gas field.

Income from investment in equity accounted investees (net)

The table below shows the Group's net income from its investment in equity accounted investees for each of 2014 and 2013.

	2014	2013
	<i>(AED million)</i>	
Share of results of jointly controlled entities	4,060	2,731
Share of results of associates	584	844
Gain on disposal of investment in equity accounted investees	81	201
Total income from investment in equity accounted investees (net)	4,725	3,776

The Group's total net income from its investment in equity accounted investees increased by AED 949 million, or 25.1 per cent., in 2014.

Jointly controlled entities

At 31 December 2014, the Group had 35 jointly controlled entities (of which it considered four to be significant) compared to 41 jointly controlled entities (of which it considered four to be significant) at 31 December 2013. In each period, profits were realised at certain jointly controlled entities which were offset in part by losses at other jointly controlled entities.

The Group's share of the profit from its significant jointly controlled entities was AED 4,060 million in 2014 and AED 2,590 million in 2013. The significant jointly controlled entities were:

- Dolphin Energy, which was profitable in each of 2014 and 2013;
- AMMROC, a 60 per cent. owned joint venture with Sikorsky Aircraft Corporation (**Sikorsky**) and Lockheed Martin Corporation (**Lockheed Martin**) which supports a comprehensive range of military sustainment and logistics capabilities for the UAE Air Force fixed and rotary wing military aircraft. AMMROC was profitable in each of 2014 and 2013 and was sold in 2015;
- Mubadala GE Capital, which was profitable in each of 2014 and 2013; and
- EGA, which was profitable in each of 2014 and 2013.

The principal reasons for the increase in the Group's share of results from its jointly controlled entities from AED 2,731 million in 2013 to AED 4,060 million in 2014 were the incorporation of EGA, which happened during 2013, higher margins from third party gas sales in Dolphin Energy and improved performance at AMMROC.

Associates

In 2014, the Group's share of the results of its associates fell by AED 260 million, or 30.8 per cent. During each year, the Group shared proportionately in the profits and losses of two material associates:

- Aldar, in which the Company had a 29.7 per cent. economic ownership interest in 2014 and a 30.5 per cent. economic ownership interest in 2013; and
- du, in which the Company had a 20.1 per cent. economic ownership interest in both 2014 and 2013.

The principal reason for the decrease in the Group's share of results from associates in 2014 was lower performance at Aldar and two other, less material, associates.

Other operating income items

Together, the Group's other operating income items in 2014 amounted to AED 1,859 million compared to AED 2,123 million in 2013, a decrease of AED 264 million, or 12.4 per cent. The decrease in 2014 principally reflected an AED 458 million, or 58.3 per cent., decrease in finance income from commercial loans mainly due to the fact that the Group ceased recognising interest in 2014 for the Third Party Loan which started experiencing financial difficulties. This was partially offset by an AED 154 million increase in dividends from the Group's available for sale financial investments, primarily FGB and Carlyle GP.

Operating expenses

The table below shows the breakdown of the Group's operating expenses for each of 2014 and 2013.

	2014		2013	
	(AED million)	(% of total)	(AED million)	(% of total)
Research and development expenses.....	3,754	34.8	4,281	39.8
Exploration costs	661	6.1	764	7.1
Other general and administrative expenses.....	6,357	59.1	5,720	53.1
Total operating expenses	10,772	100.0	10,765	100.0

In 2014, the Group's operating expenses amounted to AED 10,772 million compared to AED 10,765 million in 2013, although there were significant movements in individual categories of operating expenses.

In particular:

- in 2014 and 2013, the Group's R&D expenses, which are almost entirely attributable to GLOBALFOUNDRIES, amounted to AED 3,754 million and AED 4,281 million, respectively, equal to 23.5 per cent. and 28.3 per cent. of GLOBALFOUNDRIES' revenue for the respective years. The AED 527 million, or 12.3 per cent., fall in R&D expenses in 2014 principally resulted from the transfer of R&D expenses related to Fab 8 to cost of goods sold following the commencement of commercial operations at Fab 8 in mid-2014;
- the Group's exploration costs fell by AED 103 million in 2014, reflecting the write-off of the undeveloped portion of exploration and evaluation assets that were capitalised in 2013. This effect was offset to an extent by increased exploration costs at MPSEA due to higher dry hole costs during 2014; and
- the Group's other general and administrative expenses increased by AED 637 million, or 11.1 per cent., in 2014. Other general and administrative expenses includes staff costs not charged under other headings, which accounted for 50.8 per cent. and 49.5 per cent. of total other general and administrative expenses in 2014 and 2013, respectively. Staff costs increased by AED 395 million, or 13.9 per cent., in 2014. All other categories of general and administrative expenses also increased in 2014 except for depreciation and project expenses, which fell marginally.

Profit before unrealised fair value changes, impairments, net finance expense and taxes

The Group's profit before fair value changes, impairments, net finance expense and taxes in 2014 more than doubled to AED 4,291 million from AED 2,012 million in 2013.

Income/(loss) from financial investments (net)

In 2014, the Group's net income on financial investments amounted to AED 1,283 million compared to AED 3,358 million in 2013, a fall of AED 2,075 million, or 61.8 per cent. This fall principally reflected changes in the net unrealised gain on the Group's FVTPL investments, which was AED 1,348 million in 2014 compared to AED 3,131 million in 2013, a fall of AED 1,783 million, or 56.9 per cent.. This decrease principally reflected a decline in the fair value of the Group's investment in GE shares which was offset to an extent by an increase in the fair value of its investment in the fund which holds RBI stock. The gain in 2013 principally reflected an increase in the fair value of the Group's investment in the fund which holds RBI stock.

In 2014, the Group recorded a negative change of AED 30 million on the fair values of certain derivatives used as economic hedges and not designated for hedge accounting. In 2013, the Group recorded a positive change of AED 317 million on these derivatives.

In 2014 and 2013, the Group recorded impairment losses of AED 36 million and AED 90 million, respectively, on certain unquoted available for sale investments.

Increase in the fair value of investment properties (net)

In 2014 and 2013, the increase in the fair value of the Group's investment properties amounted to AED 548 million and AED 17 million, respectively. The significant increase in 2014 is explained under “—*Comparison of 2015 and 2014—Increase in the fair value of investment properties (net)*”.

Impairment losses (net)

The Group records impairment losses in relation to a range of assets including financial investments, property, plant and equipment, loans and receivables, intangible assets and equity accounted investees. In 2014, the Group's net impairment losses (excluding its impairment losses on available for sale financial investments, which are discussed above under “—*Income/(loss) from financial investments (net)*”) amounted to AED 3,257 million compared to AED 2,970 million in 2013. These impairment losses reflect:

- an AED 2,226 million impairment on property, plant and equipment in 2014 compared to an AED 904 million impairment in 2013. The impairment in 2014 is described under “—*Comparison of 2015 and 2014—Impairment losses (net)*”. The impairment in 2013 was principally charged against capital work in progress and land and buildings. These principally related to the Group's investment in a photovoltaic cell manufacturer and reflected a reduction in the likelihood of future economic benefits flowing to the Group;
- an AED 762 million impairment on loans and receivables owed to the Group in 2014 compared to an AED 1,282 million impairment in 2013. The impairment in 2014 was primarily driven by the Third Party Loan, which was modified and repaid partially in kind and an impairment on a loan to another third party, WinwinD Oy. In 2013, the impairment was primarily driven by an impairment on a loan to Emerging Markets Telecommunications Services Limited (**EMTS**), a mobile telecommunications services provider in Nigeria;
- an AED 346 million impairment on intangible assets in 2014 compared to an AED 476 million impairment in 2013. The 2014 impairment charge is described under “—*Comparison of 2015 and 2014—Impairment losses (net)*”. In 2013, the impairment related to certain oil and gas joint venture blocks in Kazakhstan and Oman as the carrying amounts were lower than the recoverable amounts; and
- an AED 308 million impairment charge on the Group's investment in an equity accounted investee in 2013 compared to an AED 77 million impairment reversal in 2014.

Profit/loss before net finance expense and taxes

Reflecting the factors described above, the Group's profit before net finance expense and taxes in 2014 was AED 2,865 million compared to AED 2,418 million in 2013, an increase of AED 447 million, or 18.5 per cent..

Net finance expense

The table below shows the breakdown of the Group's net finance expense for each of 2014 and 2013.

	2014	2013
	(AED million)	
Interest income	927	800
Net foreign exchange gain	149	47

	2014	2013
	<i>(AED million)</i>	
Finance income	1,076	847
Borrowing costs	(2,092)	(2,247)
Net finance expense	(1,016)	(1,400)

The Group's finance income increased by AED 229 million, or 27.0 per cent., in 2014. This reflected an AED 127 million, or 15.9 per cent., increase in interest income and an AED 102 million increase in net foreign exchange gain.

The Group's borrowing costs in 2014 fell by AED 155 million, or 6.9 per cent.

Income tax (expense)/credit

In 2014, the Group's net income tax expense amounted to AED 627 million compared to an income tax credit of AED 676 million in 2013.

In 2013, the Group's income tax credit principally arose through tax benefits recognised against GLOBALFOUNDRIES' German operations due to favourable regulations, a tax asset recognised as a result of the strengthening of the euro against the U.S. dollar impacting GLOBALFOUNDRIES' German operations and the recognition of tax benefits against unabsorbed wear and tear allowances on the merger of two of GLOBALFOUNDRIES' Singapore subsidiaries. In 2014, the tax expense primarily related to GLOBALFOUNDRIES and MPSEA projects.

Profit for the year

Reflecting the above factors, the Group recorded a profit of AED 1,222 million for 2014 compared to AED 1,694 million for 2013, a fall of AED 472 million, or 27.9 per cent.

Other comprehensive (loss)/income

The table below shows the breakdown of the Group's total comprehensive income or loss for each of 2014 and 2013.

	2014	2013
	<i>(AED million)</i>	
<i>Items that may be reclassified to profit or loss in subsequent periods</i>		
Increase in fair value of available for sale financial assets (net)	488	3,227
Cumulative gain reclassified from equity to profit or loss on disposal of available for financial assets (net)	(743)	(18)
Effective portion of changes in fair value of cash flow hedges and other reserves net of taxes	(319)	268
Net change in translation reserve	(135)	86
Share of effective portion of changes in fair values of hedging instruments and other reserves of equity accounted investees	(141)	248
Share of movements in translation reserve of equity accounted investees	(448)	51
	(1,298)	3,862
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>		
Net movement in defined benefit plans	(165)	22
Other comprehensive (loss)/income for the year net of income tax	(1,463)	3,884
Profit for the year	1,222	1,694
Total comprehensive (loss)/income for the year	(241)	5,578

The Group's other comprehensive loss net of income tax for 2014 was AED 1,463 million compared to other comprehensive income net of income tax of AED 3,884 million in 2013. In 2014, other comprehensive loss principally reflected losses in all items except for an AED 488 million net increase in the fair value of available for sale financial assets. In 2013, the Group's other comprehensive income principally reflected an AED 3,227 million increase in the fair value of available for sale financial assets.

During 2013, the Group's available for sale investments in FGB, Carlyle, Abu Dhabi Commercial Bank PJSC and Al Waha Capital PJSC (**Waha Capital**) were the principal contributors to the increase. See “—*Analysis of certain statement of financial position items—Financial investments*”.

Total comprehensive income/loss for the year

Reflecting the above factors, the Group recorded a total comprehensive loss of AED 241 million in 2014 compared to total comprehensive income of AED 5,578 million in 2013. After taking into account non-controlling interests, the total comprehensive loss attributable to the owner of the Group was AED 191 million in 2015 and the total comprehensive income attributable to the owner of the Group was AED 5,278 million in 2013.

SEGMENTAL ANALYSIS

Segmental analysis 2015 and 2014

For accounting purposes, the Group classifies its business in 10 reporting segments:

- Technology – which corresponds to the Mubadala Technology business unit and comprises the activities of GLOBALFOUNDRIES;
- Industry – which corresponds to the Group's Industry business unit and comprises its aluminium and mining businesses, as well as its investments in power, water and district cooling;
- Aerospace & Defence Services – which corresponds to the Group's Aerospace & Defence Services business unit and principally comprises the Group's businesses in the aerospace and defence sectors;
- Information & Communications Technology – which corresponds to the Group's Information & Communication Technology business unit and comprises the Group's satellite telecommunications and other information communication and technology businesses;
- Oil & Gas & Energy – which corresponds to Mubadala Petroleum and comprises Dolphin, MPSEA and the other interests in the hydrocarbon sector;
- Renewable Energy – which corresponds to Masdar;
- Real Estate & Infrastructure – which corresponds to the Mubadala Real Estate & Infrastructure business unit and comprises the Group's real estate and concession-based infrastructure activities and its hospitality business;
- Mubadala Capital – which corresponds to the Mubadala Capital business unit and comprises the Group's financial investments business;
- Healthcare – which corresponds to the Mubadala Healthcare business unit and comprises the Group's healthcare business; and
- Corporate – which develops and drives the Group's strategy and manages the Group's businesses in service-based sectors, such as leasing and financing.

	Technology		Industry		Aerospace & Defence Services		Information & Communications Technology	
	2015	2014	2015	2014	2015	2014	2015	2014
	(AED million)		(AED million)		(AED million)		(AED million)	
Segment revenue from external customers	18,421	15,981	1,178	1,136	5,805	6,614	1,755	1,477
Share of results of equity accounted investees	(463)	(482)	1,016	1,899	375	342	291	385
Segment profit/(loss) ⁽¹⁾	(4,775)	(5,844)	1,116	2,425	719	(274)	948	794
Segment assets (as at 31 December)	79,159	70,575	28,211	24,214	14,358	13,760	14,128	15,034

	Oil & Gas & Energy		Renewable Energy		Real Estate & Infrastructure		Mubadala Capital	
	2015	2014	2015	2014	2015	2014	2015	2014
	(AED million)		(AED million)		(AED million)		(AED million)	
Segment revenue from external customers	4,493	5,480	478	451	804	642	—	—
Share of results of equity accounted investees	1,077	1,479	1	40	691	657	423	140
Segment profit/(loss) ⁽¹⁾	650	(182)	(44)	(496)	996	1,672	(69)	2,518
Segment assets (as at 31 December)	11,218	12,700	7,978	7,031	28,548	27,915	35,345	40,425

	Healthcare		Corporate		Consolidated	
	2015	2014	2015	2014	2015	2014
	(AED million)		(AED million)			
Segment revenue from external customers	1,113	868	5	11	34,052	32,661
Share of results of equity accounted investees	—	—	277	183	3,689	4,644
Segment profit/(loss) ⁽¹⁾	25	(6)	(887)	(798)	(1,320)	(191)
Segment assets (as at 31 December)	5,609	3,959	21,811	28,024	246,364	243,639

(1) Total comprehensive income/(loss) attributable to the owner of the Group.

In 2015, the Technology segment recorded revenue from external customers of AED 18,421 million compared to AED 15,981 million in 2014. All of the Technology segment's revenue is derived from the operations of GLOBALFOUNDRIES and the AED 2,440 million, or 15.3 per cent. increase in 2015 principally reflected revenue from Fabs 9 and 10 following the acquisition of the IBM MD business in July 2015, which was partially offset by lower shipments due to a combination of market demand softness and overcapacity. In 2015, the Technology segment's share of the results of equity accounted investees amounted to a loss of AED 463 million compared to a loss of AED 482 million in 2014. The Technology segment recorded a total comprehensive loss attributable to the owner of the Group of AED 4,775 million in 2015 and AED 5,844 million in 2014, a reduction in loss of AED 1,070 million, or 18.3 per cent. This was principally due to the bargain purchase gain on the acquisition of the IBM MD business and the income tax benefit as a result of the acquisition, partially offset by the financial impact arising from Fab 8 full year operations and gradual ramp up.

In 2015, the Industry segment recorded revenue from external customers of AED 1,178 million compared to AED 1,136 million in 2014 an increase of AED 42 million, or 3.7 per cent.. The Industry segment's revenue from external customers is derived from Tabreed. In 2015, the Industry segment's share of the results of equity accounted investees amounted to AED 1,016 million compared to AED 1,899 million in 2014, a fall of AED 883 million, or 46.5 per cent. The segment's equity accounted investees include EGA, Algerian Utilities International Limited (**Algerian Utilities**), which holds a 51 per cent. interest in Shariket Kahraba Hadjret En Nouss SpA (**SKH**), Matsa and SMN Power Holding Company S.A.O.G. (**SMN PHC**). In 2015, a significant decline in the international price of aluminium which negatively impacted the prices realised by EGA, was the principal reason for the decline in the segment's share of results of equity accounted investees. The Industry segment recorded total comprehensive income attributable to the owner of the Group of AED 1,116 million in 2015 compared to AED 2,425 million in 2014, with the fall of AED 1,309 million, or 54.0 per cent, in 2015 principally reflecting the lower share of profit from EGA.

In 2015, the Aerospace & Defence Services segment (the **ADS segment**) recorded revenue from external customers of AED 5,805 million compared to AED 6,614 million in 2014, a fall of AED 809 million, or 12.2 per cent. The principal contributor to the ADS segment's revenue in 2015 was SR Technics and the fall in 2015 principally reflected the disposal of ADAT in June 2014 and, to a lesser extent, the disposals of Horizon International Flight Academy and Al Taif Technical Service Company PSC during 2015. In 2015, the ADS segment's share of the results of equity accounted investees amounted to AED 375 million compared to AED 342 million in 2014. The ADS segment's principal equity accounted investee in 2015 is EDIC, while in 2014 it was AMMROC which was transferred to EDIC during 2015. The ADS segment recorded total comprehensive income attributable to the owner of the Group of AED 719 million in 2015 compared to total comprehensive losses of AED 274 million in 2014, with the income in 2015 principally reflecting the gain on the disposal of AMMROC.

In 2015, the Information & Communications Technology segment (the **ICT segment**) recorded revenue from external customers of AED 1,755 million compared to AED 1,477 million in 2014, an increase of AED 277 million, or 18.8 per cent. The principal contributors to the ICT segment's revenue are Yahsat and Injazat Data Systems LLC (**Injazat**), and the increase in 2015 principally reflected a full year of fully consolidated revenue from Injazat in 2015. The Group acquired control of Injazat during the fourth quarter of 2014. Previously it was held as an equity accounted investee. In 2015, the ICT segment's share of the results of equity accounted investees amounted to AED 291 million compared to AED 385 million in 2014. The ICT segment's principal equity accounted investees are EMTS and du and the principal reason for the segment's reduced share of the results of equity accounted investees in 2015 was reduced results at du compared to 2014. The ICT segment recorded total comprehensive income attributable to the owner of the Group of AED 948 million in 2015 compared to AED 794 million in 2014, with the AED 154 million, or 19.4 per cent. increase in 2015 principally reflecting the gain realised on the disposal of a controlling stake in Khazna Data Center Limited (**Khazna**) during 2015.

In 2015, the Oil & Gas & Energy segment recorded revenue from external customers of AED 4,493 million compared to AED 5,480 million in 2014, a fall of AED 987 million, or 18.0 per cent. The principal

component of Oil & Gas & Energy revenue is the Group's hydrocarbon revenue (including the upstream revenue of the Dolphin Project, the revenue from MPSEA and the Group's share of the revenue from Mukhaizna Block 53 and the Bahrain Field) and the principal reason for the decrease in 2015 was significantly lower international oil and gas prices, which were offset to an extent by increased production at MPSEA. In addition, the Oil & Gas & Energy segment's share of the results of equity accounted investees, of which the principal one is the midstream activities of the Dolphin Project, amounted to AED 1,077 million in 2015 compared to AED 1,479 million in 2014, a fall of AED 402 million, or 27.2 per cent. This fall principally reflected the lower share of results from the midstream activities of Dolphin project mainly due to the lower volume and lower margins of third party gas sales.

Approximately 36 per cent. of the Oil & Gas & Energy segment's combined revenue and share of the results of equity accounted investees in 2015 was based on fixed price contracts and therefore was not subject to oil price volatility. The Oil & Gas & Energy segment recorded total comprehensive income attributable to the owner of the Group of AED 650 million in 2015 compared to a total comprehensive loss of AED 182 million in 2014, with the loss in 2014 driven by impairment charges for the Mukhaizna and Bahrain projects.

In 2015, the Renewable Energy segment recorded revenue from external customers of AED 478 million compared to AED 451 million in 2014. The Renewable Energy segment's revenue from external customers comprises revenue earned by the Masdar Project, including revenue from the London Array Project, its Shams 1 solar power plant and from sales of thin film photovoltaic panels. In 2015, the Renewable Energy segment's share of the results of equity accounted investees amounted to AED 1 million compared to AED 40 million in 2014. The Renewable Energy segment recorded a total comprehensive loss attributable to the owner of the Group of AED 44 million in 2015 compared to a total comprehensive loss of AED 496 million in 2014. The Renewable Energy segment's comprehensive losses in 2015 principally reflect its share of the negative movement in foreign currency translation reserves of its foreign subsidiaries. The reduction in the Renewable Energy segment's comprehensive losses in 2015 principally reflected increased gross profit and lower impairment in relation to its equity accounted investees compared to 2014.

In 2015, the Real Estate & Infrastructure segment recorded revenue from external customers of AED 804 million compared to AED 642 million in 2014, an increase of AED 162 million, or 25.3 per cent. The segment's revenue in each year derives from various trading activities, principally service concession revenue from its university campus projects, rental income from leasing units at the Group's Abu Dhabi Global Market Square development and Rihan Heights and revenue from the Rosewood Hotel. In 2015, the Real Estate & Infrastructure segment's share of the results of equity accounted investees amounted to AED 691 million compared to AED 657 million in 2014. The Real Estate & Infrastructure segment's principal equity accounted investee is Aldar. The Real Estate & Infrastructure segment recorded total comprehensive income attributable to the owner of the Group of AED 996 million in 2015 compared to AED 1,672 million in 2014, with the AED 676 million, or 40.4 per cent reduction in 2015 principally due to a lower increase in the fair value of investment properties than in 2014.

The Mubadala Capital segment did not record revenue from external customers in either of 2015 or 2014. In 2015, the Mubadala Capital segment's share of the results of equity accounted investees was AED 423 million compared to AED 140 million in 2014. The segment's principal equity accounted investees are FIP and EMI Music Publishing and the increased share of results in 2015 principally reflected an increase in the Group's share of the results of these two entities. The Mubadala Capital segment recorded a total comprehensive loss attributable to the owner of the Group of AED 69 million in 2015 compared to total comprehensive income of AED 2,518 million in 2014. The segment's comprehensive income or loss is materially affected by the Group's income or loss from its financial investments in each year.

In 2015, the Healthcare segment recorded revenue from external customers of AED 1,113 million compared to AED 868 million in 2014, an increase of AED 245 million, or 28.2 per cent.. The Healthcare segment's revenue is derived from its medical services business and the increase in 2015 principally reflected increases in revenue at Healthpoint and the Imperial College London Diabetes Centre. The Healthcare segment has no equity accounted investees. The Healthcare segment recorded total comprehensive income attributable to

the owner of the Group of AED 25 million in 2015 compared to a total comprehensive loss of AED 6 million in 2014.

In 2015, the Corporate segment recorded revenue from external customers of AED 5 million compared to AED 11 million in 2014. In 2015, the Corporate segment's share of the results of equity accounted investees was income of AED 277 million compared to AED 183 million in 2014. The segment's only equity accounted investees are related to Mubadala GE Capital. The Corporate segment recorded a total comprehensive loss attributable to the owner of the Group of AED 887 million in 2015 compared to a total comprehensive loss of AED 798 million in 2014. The Corporate segment's comprehensive loss is principally driven by interest expense on the Company's bond issues.

In geographical terms, the Group derives the majority of its revenue from customers based in the United States, Singapore and the UAE. In addition, customers from Taiwan, Thailand, the United Kingdom, Qatar and Switzerland each contributed between 3 and 5 per cent. of the Group's revenue in 2015. Together, customers from these eight countries accounted for 80.3 per cent. of the Group's revenue in 2015 and 82.2 per cent. of its revenue in 2014. Individually, the Group's revenue from:

- the United States (principally through GLOBALFOUNDRIES' sales of semiconductors) accounted for 26.6 per cent. of the Group's revenue in 2015 and 13.7 per cent. in 2014;
- Singapore (principally through GLOBALFOUNDRIES' sales of semiconductors) accounted for 17.2 per cent. of the Group's revenue in 2015 and 27.6 per cent. in 2014; and
- the UAE accounted for 17 per cent. of the Group's revenue in 2015 and 17.2 per cent. in 2014.

In 2015, the two largest customers of GLOBALFOUNDRIES were the only customers to individually account for more than 10 per cent. of the Group's revenue.

Segmental analysis 2014 and 2013

	Technology		Industry		Aerospace & Defence Services		Information & Communications Technology	
	2014	2013	2014	2013	2014	2013	2014	2013
	(AED million)		(AED million)		(AED million)		(AED million)	
Segment revenue from external customers	15,981	15,135	1,136	1,106	6,614	6,662	1,477	1,155
Share of results of equity accounted investees	(482)	(345)	1,899	1,130	342	158	385	369
Segment profit/(loss) ⁽¹⁾	(5,844)	(3,480)	2,425	1,421	(274)	233	794	102
Segment assets (as at 31 December)	70,575	59,680	24,214	22,057	13,760	15,061	15,034	13,757

	Oil & Gas & Energy		Renewable Energy		Real Estate & Infrastructure		Mubadala Capital	
	2014	2013	2014	2013	2014	2013	2014	2013
	(AED million)		(AED million)		(AED million)		(AED million)	
Segment revenue from external customers	5,480	5,253	451	378	642	502	—	—
Share of results of equity accounted investees	1,479	1,333	40	(84)	657	804	140	82
Segment profit/(loss) ⁽¹⁾	(182)	926	(496)	(827)	1,672	1,462	2,518	6,851
Segment assets (as at 31 December)	12,700	15,405	7,031	6,242	27,915	27,612	40,425	38,445

	Healthcare		Corporate		Consolidated	
	2014	2013	2014	2013	2014	2013
	(AED million)		(AED million)		(AED million)	
Segment revenue from external customers	868	816	11	25	32,661	31,030
Share of results of equity accounted investees	—	—	183	129	4,644	3,575
Segment profit/(loss) ⁽¹⁾	(6)	(27)	(798)	(1,383)	(191)	5,278
Segment assets (as at 31 December)	3,959	2,227	28,024	23,328	243,639	223,815

(1) Total comprehensive income/(loss) attributable to the owner of the Group.

In 2014, the Technology segment recorded revenue from external customers of AED 15,981 million compared to AED 15,135 million in 2013. The increase of AED 846 million, or 5.6 per cent., in the Technology segment's revenue in 2014 principally reflected increased volumes of semiconductors sold in 2014. In 2014, the Technology segment's share of the results of equity accounted investees amounted to a loss of AED 482 million compared to a loss of AED 345 million in 2013. The Technology segment recorded a total comprehensive loss attributable to the owner of the Group of AED 5,844 million in 2014 and AED 3,480 million in 2013, with the AED 2,364 million, or 67.9 per cent. increase in losses principally reflecting increased costs of sale of goods and services as a result of the commencement of commercial operations at Fab 8 in mid-2014.

In 2014, the Industry segment recorded revenue from external customers of AED 1,136 million compared to AED 1,106 million in 2013, an increase of AED 30 million, or 2.7 per cent.. In 2014, the Industry segment's share of the results of equity accounted investees amounted to AED 1,899 million compared to AED 1,130 million in 2013, with the AED 769 million, or 68.1 per cent. increase in 2014 principally reflecting the Group's increased share of results from EGA. The Industry segment recorded total comprehensive income attributable to the owner of the Group of AED 2,425 million in 2014 compared to AED 1,421 million in 2013. The principal reason for the AED 1,004 million, or 70.7 per cent. increase in 2015 was the Group's increased share of results from EGA.

In 2014, the ADS segment recorded revenue from external customers of AED 6,614 million compared to AED 6,662 million in 2013. In 2014, the ADS segment's share of the results of equity accounted investees amounted to AED 342 million compared to AED 158 million in 2013. The principal reason for the AED 184 million, or 116.5 per cent. increase in the share of the results of equity accounted investees in 2014 was strong performance at AMMROC. The ADS segment recorded a total comprehensive loss attributable to the owner of the Group of AED 274 million in 2014 compared to total comprehensive income of AED 233 million in 2013. The total comprehensive loss in 2014 principally reflected negative foreign currency translation reserve and pension reserve movements at SR Technics.

In 2014, the ICT segment recorded revenue from external customers of AED 1,477 million compared to revenue of AED 1,155 million in 2013. The ICT segment's revenue in each year was primarily derived from Yahsat and the AED 322 million, or 27.9 per cent. increase in 2014 reflected improved business performance. In 2014, the ICT segment's share of the results of equity accounted investees amounted to AED 385 million compared to AED 369 million in 2013. The ICT segment's share of the results of equity accounted investees in both years was principally attributable to du. The ICT segment recorded total comprehensive income attributable to the owner of the Group of AED 794 million in 2014 compared to AED 102 million in 2013, with the AED 692 million improvement in 2014 principally reflecting an impairment loss recognised on a loan to EMTS in 2013.

In 2014, the Oil & Gas & Energy segment recorded revenue from external customers of AED 5,480 million compared to AED 5,253 million in 2013. The principal reason for the AED 227 million, or 4.3 per cent. increase in 2014 was the commencement of commercial production at the Ruby field in October 2013. In addition, the Oil & Gas & Energy segment's share of the results of equity accounted investees amounted to AED 1,479 million in 2014 compared to AED 1,333 million in 2013, with the AED 146 million, or 11.0 per cent. increase principally reflecting the Group's increased share of results from the midstream activities of the Dolphin project mainly due to a higher margin on third party gas sales. The Oil & Gas & Energy segment recorded a total comprehensive loss attributable to the owner of the Group of AED 182 million in 2014 compared to total comprehensive income of AED 926 million in 2013, with the loss in 2014 being driven by impairment charges at the Mukhaizna and Bahrain projects.

In 2014, the Renewable Energy segment recorded revenue from external customers of AED 451 million compared to AED 378 million in 2014. In 2014, the Renewable Energy segment's share of the results of equity accounted investees amounted to AED 40 million compared to a loss of AED 84 million in 2013. The Renewable Energy segment recorded a total comprehensive loss attributable to the owner of the Group of AED 496 million in 2014 compared to a total comprehensive loss of AED 827 million in 2013. The Renewable Energy segment's comprehensive losses fell by AED 331 million, or 40.0 per cent. in 2014, primarily as a result of lower impairments at Masdar in 2014 compared to 2013.

In 2014, the Real Estate & Infrastructure segment recorded revenue from external customers of AED 642 million compared to AED 502 million in 2013, an increase of AED 140 million, or 27.9 per cent. In 2014, the Real Estate & Infrastructure segment's share of the results of equity accounted investees amounted to AED 657 million compared to AED 804 million in 2013, a fall of AED 147 million, or 18.3 per cent. The Real Estate & Infrastructure segment recorded total comprehensive income attributable to the owner of the Group of AED 1,672 million in 2014 compared to AED 1,462 million in 2013, an increase of AED 210 million, or 14.4 per cent.

The Mubadala Capital segment did not record revenue from external customers in either of 2014 or 2013. In 2014, the Mubadala Capital segment's share of the results of equity accounted investees was AED 140 million compared to AED 82 million in 2013. The segment's principal equity accounted investees were EMI Music Publishing and Dunia Finance LLC and the increase in 2014 principally reflected the Group's increased share of results of these two investees. The Mubadala Capital segment recorded total comprehensive income attributable to the owner of the Group of AED 2,518 million in 2014 compared to AED 6,851 million in 2013. The segment's comprehensive income or loss is materially affected by the Group's income or loss from its financial investments in each year.

In 2014, the Healthcare segment recorded revenue from external customers of AED 868 million compared to AED 816 million in 2013, an increase of AED 52 million, or 6.4 per cent. The increase in the Healthcare segment's revenue in 2014 reflected increased revenue from Healthpoint. and the National Reference Laboratory. The Healthcare segment recorded a total comprehensive loss attributable to the owner of the Group of AED 6 million in 2014 compared to a total comprehensive loss of AED 27 million in 2013.

In 2014, the Corporate segment recorded revenue from external customers of AED 11 million compared to AED 25 million in 2013. In 2014, the Corporate segment's share of the results of equity accounted investees was AED 183 million compared to AED 129 million in 2013. The Corporate segment recorded a total comprehensive loss attributable to the owner of the Group of AED 798 million in 2014 compared to a total comprehensive loss of AED 1,383 million in 2013. The Corporate segment's comprehensive losses were significantly reduced in 2014 due to a decline in finance expenses.

In geographical terms, the Group derived the majority of its revenue in 2014 and 2013 from customers based in Singapore, the UAE and the United States. In addition, customers in Qatar, Taiwan, Thailand, Switzerland and the United Kingdom each contributed between 3 and 6 per cent. of the Group's revenue in 2014. Together, these eight countries accounted for 82.2 per cent. of the Group's revenue in 2014 and 82.7 per cent. of its revenue in 2013. Individually, the Group's revenue from:

- Singapore accounted for 27.6 per cent. of the Group's revenue in 2014 and 21.7 per cent. in 2013;
- the UAE accounted for 17.2 per cent. of the Group's revenue in 2014 and 17.3 per cent. in 2013; and
- the United States accounted for 13.7 per cent. of the Group's revenue in 2014 and 21.2 per cent. in 2013.

The Group's only customer which individually accounted for more than 10 per cent. of its revenue from the sale of goods and services in 2014 was the largest customer of GLOBALFOUNDRIES.

ANALYSIS OF CERTAIN STATEMENT OF FINANCIAL POSITION ITEMS

Significant assets

As at 31 December 2015, the Group had total assets of AED 246 billion.

The table below details the Group's most significant assets in terms of statement of financial position value as at 31 December 2015, the reporting segment in which they are held and their geographic location.

	As at 31 December 2015 (AED million)	Reporting segment	Geography
Cash and cash equivalents	13,403	—	—
GLOBALFOUNDRIES ⁽¹⁾	77,625	Semiconductor Technology	Asia, Europe and the United States
Principal Mubadala Capital investments ⁽²⁾	29,562 ⁽³⁾	Mubadala Capital	United States, South America and UAE
EGA ⁽⁴⁾	15,977 ⁽⁵⁾	Industry	UAE
Masdar ⁽¹⁾	7,612	Renewable Energy	UAE and Europe
Tabreed ⁽¹⁾	7,600	Industry	GCC
University developments ⁽⁶⁾	6,790	Real Estate & Infrastructure	UAE
Yahsat ⁽¹⁾	6,244	Aerospace, Communications	UAE
Aldar ⁽⁷⁾	6,165	Technology & Defence Services	UAE
Dolphin Project ⁽⁸⁾	4,187	Real Estate & Infrastructure	UAE
Sowwah Square Towers ⁽⁹⁾	4,172	Oil & Gas & Energy	GCC
EDIC ⁽¹⁰⁾	4,132	Real Estate & Infrastructure	UAE
EMTS ⁽¹¹⁾	3,785	Aerospace, Communications	UAE
SR Technics ⁽¹⁾	3,689	Technology & Defence Services	Nigeria
MPSEA ⁽¹⁾	3,645	Aerospace, Communications	Europe
Sanad ⁽¹⁾	2,995	Oil & Gas & Energy	Asia
Total	197,583	Aerospace, Communications	UAE
Percentage of total assets	80.2%	Technology & Defence Services	

(1) Subsidiary.

(2) Comprises Mubadala Capital hedge fund, GE (an FVTPL investment), preferred equity securities recorded on the statement of financial position as a loan, Carlyle (FVTPL investment and available for sale investment), FGB, Waha Capital, a jointly controlled entity based in the Russian commercial sea port of Ust Luga, the fund which holds RBI stock, the Port 11 securities, FIP, The Related Companies, Abu Dhabi Finance (a subsidiary) and EMI Music Publishing (a jointly controlled entity).

(3) Includes other assets relating to these investment such as dividends receivables.

(4) Comprises a jointly controlled entity which principally owns EMAL and DUBAL.

(5) Includes loans advanced to EMAL and Shahin, an alumina refinery under construction.

(6) Comprises the Group's three university campus developments.

(7) Investment in associate.

(8) Investment in the upstream activities of the Dolphin Project and the equity accounted value of the midstream activities.

(9) Investment property on Al Maryah Island.

(10) Jointly controlled entity.

(11) Principally comprises loan receivables.

The most significant classes of asset on the Group's statement of financial position are property, plant and equipment, receivables and prepayments, investments in equity accounted investees, financial investments, loans receivable and cash and cash equivalents which, together, comprised 87.5 per cent. of the Group's total assets at 31 December 2015.

Property, plant and equipment

As at 31 December 2015, 2014 and 2013, the Group's property, plant and equipment amounted to AED 86,946 million, AED 83,938 million and AED 75,135 million, respectively, or 35.3 per cent., 34.5 per cent. and 33.6 per cent., respectively, of the Group's total assets.

Receivables and prepayments

As at 31 December 2015, 2014 and 2013, the Group's receivables and prepayments (current and non-current) amounted to AED 37,187 million, AED 26,656 million and AED 21,927 million, respectively, or 15.1 per cent., 10.9 per cent. and 9.8 per cent., respectively, of the Group's total assets as at each date. The Group's receivables and prepayments principally comprise restricted deposits with original maturities exceeding three months, service concession receivables, amounts due from related parties and trade receivables, which together comprised 78.6 per cent. of total receivables and prepayments at 31 December 2015. Service concession receivables principally represent receivables from related parties on account of the Group's university campus development and management projects. Amounts due from related parties principally represent amounts receivable from entities under common control, amounts recoverable from the Government for services provided on its behalf and receivables from associates.

Investment in equity accounted investees

As at 31 December 2015, 2014 and 2013, the Group's investment in its equity accounted investees amounted to AED 35,693 million, AED 30,997 million and AED 27,622 million, respectively, or 14.5 per cent., 12.7 per cent. and 12.3 per cent., respectively, of the Group's total assets. The Group's equity accounted investees comprise its associates and jointly controlled entities.

Financial investments

As at 31 December 2015, 2014 and 2013, the Group's financial investments amounted to AED 28,606 million, AED 29,315 million and AED 27,677 million, respectively, or 11.6 per cent., 12.0 per cent. and 12.4 per cent., respectively, of the Group's total assets.

The table below shows certain information in relation to the Group's financial investments as at 31 December in each of 2015, 2014 and 2013.

	As at 31 December		
	2015	2014	2013
	(AED million)		
<i>FVTPL investments</i>			
Quoted equity securities	10,543	10,769	11,188
Unquoted equity securities.....	2,297	1,289	748
Unquoted investment funds	7,736	7,308	5,171
Unquoted convertible bonds	1,461	1,134	578
Quoted debt securities other than convertible bonds	339	119	726
Unquoted derivative assets	159	293	133
Total FVTPL investments⁽¹⁾	22,535	20,912	18,544
<i>Investments available for sale</i>			
Quoted equity securities	6,009	8,357	9,012
Unquoted equity securities.....	60	32	33
Total investments available for sale	6,069	8,389	9,045
Other financial investments (derivative assets)	2	14	88
Total financial investments	28,606	29,315	27,677

(1) Includes held for trading securities totalling AED 2,504 million in 2015, AED 2,705 million in 2014 and AED 3,173 million in 2013.

The FVTPL investments principally represent the Group's investment in GE shares and its contribution to five separate Carlyle funds, its investment in the fund which owns RBI stock and Mubadala Capital's held for trading portfolio. The increase in FVTPL securities in each year principally reflects increases in the fair value of the securities.

The principal available for sale quoted investments at 31 December 2015 include the Group's shares in Carlyle and its investments in FGB and Waha Capital, which together accounted for 99.9 per cent. of the aggregate fair value of the available for sale quoted shares held by the Group at 31 December 2015. The decreases in quoted available for sale investments at 31 December 2015 and 31 December 2014 principally reflected decreases in the fair value of these securities and disposals of positions during the year. The Group's available for sale investments are measured at fair value on each reporting date with changes in the fair values being recorded in equity. Once an available for sale investment is sold, the cumulative gain or loss in respect of it recognised in equity is transferred to profit or loss. See notes 18 and 38(d) to the 2015 Financial Statements for a discussion of the valuation techniques applied by the Group in determining the fair value of its financial investments.

As at 31 December 2015, a 5.0 per cent. increase in the price of the Group's equity holdings, assuming all other variables including, in particular, foreign exchange rates remained the same, would have increased its profit by AED 698 million and would have resulted in an AED 300 million increase in its equity. A 5.0 per cent. decrease would have reduced its profit and its equity by the same amounts. See note 38(c) to the 2015 Financial Statements.

Loans receivable

As at 31 December 2015, 2014 and 2013, the Group's loans receivable amounted to AED 13,808 million, AED 19,258 million and AED 23,064 million, respectively, or 5.6 per cent., 7.9 per cent. and 10.3 per cent., respectively, of the Group's total assets at each date. The Group's loans receivable are made both to related parties, including equity accounted investees, and to third parties. As at 31 December 2015, the Group's loans receivable included the Third Party Loan (with an original amount of AED 7.3 billion), which was extended in 2012. To date, approximately AED 5 billion of the Third Party Loan has been repaid in a combination of cash and securities following renegotiation of the loan after a breach of its terms. The Group believes that it is probable that it will not be able to collect all outstanding amounts due under the Third Party Loan in accordance with its contractual terms. Accordingly, an impairment charge of AED 2.9 billion has been recognised against the loan. Almost all of the Group's loans to related parties are made on arm's-length terms and at commercial rates of interest. See further note 19 to the 2015 Financial Statements.

Cash and cash equivalents

As at 31 December 2015, 2014 and 2013, the Group's cash and cash equivalents amounted to AED 13,403 million, AED 25,842 million and AED 21,689 million, respectively, or 5.4 per cent., 10.6 per cent. and 9.7 per cent., respectively, of the Group's total assets at each date. The Group's cash and cash equivalents comprise cash and bank balances, call deposits and short-term deposits with banks that are readily convertible into cash.

Significant liabilities

The most significant classes of liability on the Group's statement of financial position are its borrowings (including obligations under finance leases) and its payables and accruals which, together, comprised 82.2 per cent. of the Group's total liabilities at 31 December 2015.

Borrowings

At 31 December 2015, the Group's borrowings almost entirely comprised:

- certain secured bank loans;
- certain unsecured bank and other loans; and
- certain unsecured debt securities issued by Group companies.

The table below summarises the Group's outstanding borrowings as at 31 December in each of 2015, 2014 and 2013.

	As at 31 December		
	2015	2014	2013
	(AED million)		
Current portion			
Secured bank loans	976	2,259	1,247
Unsecured bank loans	6,236	3,583	2,433
Unsecured corporate bonds.....	2,753	—	4,588
Unsecured loans.....	312	630	267
Other borrowings.....	54	87	108
Non-current portion			
Secured bank loans	11,032	11,005	12,004
Unsecured bank loans	8,443	9,783	9,447
Unsecured corporate bonds.....	8,059	10,835	8,226
Unsecured loans.....	2,267	2,787	3,418
Other	332	320	180
Total borrowings	40,464	41,289	41,918

The Group's four most significant long-term borrowings as at 31 December 2015 were as follows:

- a U.S.\$1.0 billion five-year unsecured term loan facility made to GLOBALFOUNDRIES by the Export Import Bank of the United States to help fund certain aspects of GLOBALFOUNDRIES' fab construction activities in Dresden, with a final maturity date falling in 2019. Drawings under the facility bear interest at a fixed rate. As at 31 December 2015, the carrying amount of the loan outstanding under this facility was AED 3,515 million;
- a U.S.\$1.1 billion secured loan made to Al Maqsed Development Company (**Al Maqsed**) to fund the Zayed University PPP project. This loan has been advanced in separate U.S. dollar and AED tranches, each with a final maturity date falling in 2019. Drawings under the facility bear interest at floating rates. At 31 December 2015, the carrying amount of this loan was AED 2,950 million. The loan is secured over a broad package of assets;
- during 2015, Tabreed obtained a new term loan facility of AED 1 billion under its existing financing arrangements with a syndicate of commercial banks to finance the repurchase of mandatorily convertible bonds. This loan carries interest at EIBOR plus a margin and is repayable in instalments starting in 2015 and with a final maturity in 2021. Tabreed has two other significant term loan facilities amounting to AED 692 million and AED 1.45 billion, respectively. These term loan facilities have final maturity dates in 2018 and 2021, respectively, and carry interest at EIBOR plus a margin. As at 31 December 2015, the aggregate carrying amount of all three loan facilities was AED 2,830 million. All of the term loan facilities are secured by pledges of plant, equipment and trade debtors with a carrying value of AED 4,411 million. Furthermore, an AED 450 million revolving credit facility was advanced to Tabreed during 2014 (no drawdowns were been made under this facility during 2014 and 2015); and
- a U.S.\$1.2 billion 10.5-year unsecured loan facility made to Yahsat by a syndicate of banks to fund Yahsat's satellite construction activities, with a final maturity date falling in 2022. Drawings under the facility bear interest at floating rates. As at 31 December 2015, the carrying amount of the loan outstanding under this facility was AED 2,668 million.

The Company has established a global medium term note programme under which it guarantees notes issued by a special purpose subsidiary. As at 31 December 2015, six series of unsecured notes maturing between 2016 and 2031 with an aggregate carrying amount of AED 10,812 million were outstanding under the programme.

GLOBALFOUNDRIES also has one series of secured bonds outstanding, maturing in 2022. As at 31 December 2015, the carrying amount of these securities was AED 169 million.

The Company has also established a commercial paper programme under which it guarantees commercial paper issued by a special purpose subsidiary. As at 31 December 2015, commercial paper with a carrying amount of AED 1,299 million was outstanding under this programme.

Summary information in relation to these and the Group's other borrowings is set out in note 28 to the 2015 Financial Statements. As at 31 December 2015, the aggregate AED equivalent of undrawn committed funds available to the Group under its banking facilities was approximately AED 4,984 million.

As at 31 December 2015, the aggregate carrying amount of the Group's secured borrowings was AED 12,323 million.

As at 31 December 2015, all of the Group's debt, except for a single revolving credit facility with a carrying amount of AED 3,490 million, had been incurred by subsidiaries of the Company.

The Group's gearing ratio was 14 per cent. at 31 December 2015, 9 per cent. at 31 December 2014 and 12 per cent. at 31 December 2013. The Group defines its gearing ratio as net debt divided by total capital plus net debt. For these purposes:

- net debt comprises interest bearing borrowings and obligations under finance leases less cash and cash equivalents and amounted to AED 28,267 million at 31 December 2015, AED 16,845 million at 31 December 2014 and AED 21,579 million at 31 December 2013; and
- total capital comprises share capital, reserves, additional shareholder contributions, application for share capital, Government grants and non-controlling interest and amounted to AED 173,970 million at 31 December 2015, AED 175,667 million at 31 December 2014 and AED 157,545 million at 31 December 2013.

Gearing is a non-IFRS financial measure which the Group uses to monitor its capital. Gearing is not defined by IFRS or recognised within IFRS as a measure of performance.

Maturity profile of the Group's borrowings

Of the Group's AED 43 billion borrowings outstanding as at 31 December 2015 (measured on a contractual cash flow basis), 25.9 per cent. was scheduled to mature within 12 months. The table below summarises the contractual maturities of the Group's borrowings at 31 December 2015.

	As at 31 December 2015	
	(AED million)	(per cent.)
Repayable within 12 months.....	11,134	25.9
Repayable between 1 and 5 years	20,612	47.9
Repayable after 5 years.....	11,250	26.2
Total.....	42,996	100.0

Obligations under finance leases

The present value of the Group's minimum lease payments under finance leases amounted to AED 1,207 million at 31 December 2015, AED 1,398 million at 31 December 2014 and AED 1,349 million at 31 December 2013. As at 31 December 2015, AED 131 million, or 10.8 per cent., of the present value of these obligations were due to mature within 12 months.

Payables and accruals

The Group's trade and other payables and accruals amounted to AED 17,812 million at 31 December 2015, AED 15,039 million at 31 December 2014 and AED 14,069 million at 31 December 2013. Of these amounts, trade payables accounted for 15.8 per cent., 21.9 per cent. and 22.9 per cent., respectively.

Total equity

As at 31 December 2015, the Group's total equity was AED 173,970 million compared to AED 175,667 million at 31 December 2014 and AED 157,545 million at 31 December 2013.

The table below shows the Group's total equity as at 31 December in each of 2015, 2014 and 2013.

	As at 31 December		
	2015	2014	2013
	(AED million)		
Share capital	28,600	28,600	15,000
Application for share capital.....	18,368	—	13,600
Additional shareholder contributions.....	123,155	141,523	123,155
Reserves and surplus.....	1,541	2,965	3,156
Government grants.....	367	367	367
Total equity attributable to the owner of the Group	172,031	173,455	155,278
Non controlling interests.....	1,939	2,212	2,267
Total equity	173,970	175,667	157,545

As at 31 December 2015, the Group's share capital comprised 28.6 million authorised, issued and fully paid shares of AED 1,000 each. In addition, the Group had received a further AED 18,368 million from the Government during 2014 against which shares were still to be issued at 31 December 2015.

Additional shareholder contributions principally represents subordinated interest-free loans without repayment requirements (although shareholder contributions received after 2008 may be repaid at the option of the Company) made by the Government for the purpose of funding certain investments. The loans have no maturity and rank, on a dissolution of the Company, *pari passu* with its issued share capital. As these loans are more akin to equity instruments than liabilities, they are accordingly presented within equity. As at 31 December 2015, the aggregate amount contributed to the capital of the Company by its shareholder in the form of share capital, application for share capital, additional shareholder contributions and government grants was AED 170.5 billion.

Reserves and surplus comprises the Group's retained earnings, a statutory reserve to which the Company is required to contribute 10 per cent. of its net profit until the reserve equals 50 per cent. of the Company's paid up share capital and certain other non-distributable reserves identified in the Group's statement of changes in equity in the Financial Statements.

CAPITAL AND INVESTMENT EXPENDITURE

The table below shows the Group's capital and investment expenditure as at 31 December in each of 2015, 2014 and 2013.

	As at 31 December		
	2015	2014	2013
	(AED million)		
Acquisition of subsidiaries net of cash	937	-	-
Investment in equity accounted investees	1,864	1,820	8,249
Acquisition of financial investments	1,376	(1,504)	2,166
Acquisition of investment properties	173	235	327
Acquisition of property, plant and equipment	15,806	20,343	12,348
Of which:			
Property, plant and equipment	4,166	1,567	2,436
Capital work in progress	11,640	18,776	9,912
Of which:			
GLOBALFOUNDRIES	10,495	17,214	8,117
Masdar	145	358	472
Yahsat	396	231	1
MPSEA	24	489	503
Other	580	484	819
Acquisition of intangible assets	826	1,206	934
Total capital and investment expenditure	20,982	22,100	24,024

No assurance can be given as to the actual amounts of capital and investment expenditure that may be incurred in 2016. The timing and amount of capital and investment expenditure is highly dependent on market conditions, the progress of projects, new opportunities that may arise and a range of other factors outside the control of the Group. See generally "Description of the Group—Planning and investment process".

The table below summarises the Group's committed capital and investment expenditure as at 31 December 2015 by each of the Group's 10 reporting segments. The Group's committed capital and investment expenditure reflects amounts which it is legally committed to spend in future years and includes the Group's proportional share of the commitments of its equity accounted entities. A substantial amount of this expenditure is expected to be incurred in the 12 months ending 31 December 2016.

	As at 31 December 2015
	(AED million)
Mubadala Capital	12,202
Technology	6,581
Aerospace and Defence Services	5,304
Corporate	3,175
Renewable Energy	3,146
Industry	3,108
Oil & Gas & Energy	2,890
Healthcare	1,771
Real Estate & Infrastructure	1,224
Information & Communications Technology	724
Total	40,125

The committed capital and investment expenditure identified in the table above (including oil and gas exploration commitments and operating lease commitments across multiple business units and businesses which amounted to AED 4.9 billion in aggregate at 31 December 2015) principally relates to:

- Mubadala Capital reporting segment: the AED 12.2 billion of committed capital and investment expenditure principally relates to investments in China and to a lesser extent in Russia;
- Technology reporting segment: the AED 6.6 billion of committed capital and investment expenditure principally relates to GLOBALFOUNDRIES;
- Corporate reporting segment: the AED 3.2 billion of committed capital and investment expenditure principally relates to commitments to provide loans;
- Renewable Energy reporting segment: the AED 3.1 billion of committed capital and investment expenditure principally relates to capital expenditure on Etihad building projects in Masdar City and investments in jointly controlled projects of Masdar, including Dudgeon, see “—Description of the Group—Global platforms—Energy global platform—The Masdar Project—Masdar clean energy fund”;
- Industry reporting segment: the AED 3.1 billion of committed capital and investment expenditure principally relates to EGA; and
- Oil & Gas & Energy reporting segment: the AED 2.9 billion of committed capital and investment expenditure principally relates to the Dolphin Project, operating lease commitments for MPSEA and liquid natural projects.

The Group expects to fund its future capital and investment expenditure requirements principally through operating cash flow, borrowing from third parties (including through the issue of securities) and selective asset monetisations.

CASH FLOW

The table below summarises the Group’s cash flow from operating activities, investing activities and financing activities for each of 2015, 2014 and 2013.

	Year ended 31 December		
	2015	2014	2013
	(AED million)		
Net cash from operating activities	6,825	4,936	9,597
Net cash used in investing activities	(17,675)	(17,619)	(19,764)
Net cash (used in)/from financing activities	(1,978)	16,991	19,963
Exchange fluctuation on consolidation of foreign entities.....	389	(155)	167
Cash and cash equivalents at period end.....	13,403	25,842	21,689

Cash flow from operations

Net cash flow generated from operating activities in 2015 was AED 6,825 million compared to AED 4,936 million in 2014 and AED 9,597 million in 2013. In 2015, the increase in net cash from operating activities principally reflected reduced net cash utilised for working capital through effective management and operational efficiencies in addition to a higher amount of cash dividends received during 2015 compared to 2014. In 2014, the decrease in net cash from operating activities was principally due to an increase in receivables that reflected more cash being placed in deposits having an original maturity of greater than 3 months.

Most of the Group’s indebtedness has been incurred by the Company’s subsidiaries. Such indebtedness, in many cases, contains covenants which prevent or restrict distributions to the Company until such time as the relevant indebtedness has been repaid. As a result, the availability of Group operating cash flow to the Company may be limited. See also “Risk factors—Factors that may affect the Guarantor’s ability to fulfil its obligations under the Guarantee—Risks relating to the Group and its strategy—The terms of the indebtedness of certain members of the Group contain financial and operating covenants, which may limit the Group’s operating flexibility”.

Cash used in investing activities

Net cash used in investing activities in 2015 was AED 17,675 million compared to AED 17,619 million in 2014 and AED 19,764 million in 2013. In 2015, the principal investments made were AED 15,806 million in the acquisition of property, plant and equipment (of which the principal components were GLOBALFOUNDRIES' investments in Fab 8 in Malta, upstate New York, and in its German and Singapore fabs) and AED 1,864 million in equity accounted investees.

In 2014, the principal investments made were AED 20,343 million in the acquisition of property, plant and equipment (of which the principal components were GLOBALFOUNDRIES' investments in its upstate New York, German and Singapore fabs) and AED 1,820 million in equity accounted investees.

In 2013, the principal investments made were AED 12,348 million in the acquisition of property, plant and equipment (of which the principal components were GLOBALFOUNDRIES' investments in its upstate New York, German and Singapore fabs) and AED 8,249 million in equity accounted investees (principally due to incorporation of EGA).

Cash from financing activities

Net cash used in financing activities in 2015 was AED 1,978 million compared to net cash generated from financing activities of AED 16,991 million in 2014 and AED 19,963 million in 2013. In 2015, the Group received no additional shareholder contributions, repaid a net AED 438 million in borrowings and paid AED 1,747 million in interest.

In 2014, the Group received AED 18,368 million in additional shareholder contributions, repaid a net AED 365 million in borrowings and paid AED 1,942 million in interest.

In 2013, the Group received AED 7,038 million in additional shareholder contributions, plus AED 13,600 million in advance for new capital to be issued, borrowed a net AED 471 million and made interest payments of AED 2,021 million.

COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2015, the Group's commitments amounted to AED 40.1 billion, see "*—Capital and investment expenditure*" above.

As at 31 December 2015, the Group had outstanding contingent liabilities totalling AED 2.0 billion and an additional AED 3.9 billion attributable to the Group's share of the contingent liabilities of its equity accounted investees.

As at 31 December 2015, the Group's contingent liabilities (including its share of the contingent liabilities of its equity accounted investees) comprised bank guarantees, performance bonds, advance payment bonds and completion guarantees. The Group expects that it will continue to enter into significant commitments and incur significant contingent liabilities in the ordinary course of its business.

ARRANGEMENTS NOT RECORDED ON THE STATEMENT OF FINANCIAL POSITION

Save as disclosed above and in note 36 to the 2015 Financial Statements, the Group does not have any material arrangements that are not recorded on its statement of financial position that have had, or are reasonably expected to have, a material current or future effect on its financial condition, revenue, expenses, results of operations, liquidity, capital expenditure or capital resources.

RELATED PARTY TRANSACTIONS

The Group's principal related party transactions are with its shareholder, its joint ventures and associates and its directors and executive management and entities controlled by any of them. Further information on the Group's related party transactions is set out in notes 17, 21, 24, 26, 29 and 33 to both the 2015 Financial Statements and the 2014 Financial Statements.

DISCLOSURES ABOUT RISK

The Group is exposed to a number of financial risks and takes steps to mitigate certain of these risks as described below, but no assurance can be given that such risks will always be mitigated. Hedging transactions are primarily used for the purposes of efficient portfolio management.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies aim to identify and analyse the risks faced by the Group, to set appropriate limits and controls, and to monitor risks and adherence to limits. The Group's Audit, Risk and Compliance Committee monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk that any of the Group's counterparties defaults on an obligation owed by that counterparty to the Group, thereby causing a financial loss to the Group. The Group is principally exposed to credit risk through receivables owed to it, loans made by it, cash which it holds in bank accounts and investments made by it which represent obligations owed to it. In addition, the Company provides guarantees to third party creditors of its subsidiaries and other Group companies.

The carrying amount of the Group's financial assets represents its maximum exposure to credit risk and this exposure for each of 2015 and 2014 is summarised in the table below.

	As at 31 December	
	2015	2014
	(AED millions)	
FVTPL financial investments		
Convertible bonds	1,461	1,134
Debt securities other than convertible bonds.....	339	119
Derivative assets	159	294
Other derivative assets	2	14
Receivables		
Service concession receivables	6,452	6,846
Due from related parties.....	6,731	4,510
Other receivables.....	5,024	2,852
Trade receivables	2,645	3,514
Restricted and long-term deposits	12,419	6,383
Receivable against sale of land	560	543
Contract work in progress	416	394
Loans receivable	13,808	19,258
Finance lease receivables.....	5,088	4,993
Cash at bank.....	13,397	25,836
Total exposure to credit risk.....	68,501	76,690

As at 31 December 2015, the Group had gross loans receivable of AED 17,288 million of which AED 102 million, or 0.6 per cent., was overdue by more than 180 days and AED 33 million, or 0.2 per cent., was overdue by between 1 and 120 days. The Group's impairment provision in respect of its loans receivable was AED 3,481 million at 31 December 2015, a provision rate of 20.1 per cent.

As at 31 December 2015, the remaining financial assets (excluding loans receivable) totalled AED 55,576 million (before impairments). Of this amount, AED 1,470 million was overdue by more than 180 days, AED 272 million was overdue by between 121 and 180 days and AED 4,592 million was overdue by between 1 and 120 days. The Group made a provision for impairment in respect of these financial assets of AED 883 million at 31 December 2015, equal to 1.6 per cent. of such financial assets.

As at 31 December 2015, approximately 36 per cent. of the Group's receivables and approximately 68 per cent. of its loans receivable were to related parties. This exposure is principally to equity accounted investees (primarily as a result of loans made to them) and the Government (principally through service concession receivables). For further information regarding the Group's credit risk, see note 38(a) to the 2015 Financial Statements.

Liquidity risk

The Group is subject to liquidity risk to the extent that its financial assets and available sources of funds may not be sufficient to meet its financial liabilities. Liquidity risk may be heightened in an organisation, such as the Group, that has significant financing needs.

The Group's principal sources of liquidity consist of bank credit facilities, operating cash flow and capital market issuances. Historically, capital contributions from the Government were also a significant source of financing. For further information regarding the Group's liquidity risk, see note 38(b) to the 2015 Financial Statements.

Currency risk

The Group's principal currency exposures are to changes in the rate of exchange between the dirham and the euro, pound sterling, Swiss franc and Singapore dollar. Note 38(c) to the 2015 Financial Statements analyses the exposure of the Group's financial instruments to these currencies as at 31 December 2015 and shows net negative exposures (liabilities in excess of assets) of €421 million, CHF 26 million and SGD 24 million and a net positive exposure of £183 million. A 10.0 per cent. strengthening of the dirham against all four currencies at 31 December 2015 would have decreased equity by AED 10 thousand and decreased profit by AED 15 million assuming that all other variables, in particular interest rates, remained constant. A 10.0 per cent. weakening of the dirham against all four currencies at the same date would have had an equal but opposite effect assuming that all other variables, in particular interest rates, remained constant.

In addition, reflecting the fact that the exchange rate of the dirham has been pegged to the U.S. dollar at a fixed rate of AED 3.6725 = U.S.\$1.00 since 22 November 1980, the Group is exposed to any change in this arrangement as a result of the fact that a substantial part of its revenue and expenditure is in U.S. dollars and a substantial part of its indebtedness is U.S. dollar-denominated.

Interest rate risk

As at 31 December 2015, 48.0 per cent. of the Group's interest bearing financial liabilities were variable rate instruments. Certain of these liabilities are unhedged. Accordingly, an increase of 1.0 per cent. in interest rates at 31 December 2015 would, assuming all other variables including, in particular, foreign exchange rates remained constant, have increased the Group's profit by AED 12 million through its effect on the Group's unhedged variable rate financial instruments. A decrease of 1.0 per cent. in interest rates at the same date would have had an equal but opposite effect assuming all other variables including, in particular, foreign exchange rates remained constant.

Changes in interest rates can affect the Group's net income by increasing the cost of its floating rate borrowings. Changes in the level of interest rates can also affect, among other things: (i) the cost and availability of debt financing and the Group's ability to achieve attractive rates of return on its investments; (ii) the debt financing capability of the investments and businesses in which the Group is invested; and (iii) the rate of return on the Group's uninvested cash balances.

Equity price risk

The Group's exposure to equity price risk principally consists of the risk of the value of certain of its investments being affected by changes in their quoted prices or the quoted prices of securities into which they are convertible. In particular, in each of 2015, 2014 and 2013, the Group's result from operating activities has been affected by unrealised gains and losses made on the fair valuation of its FVTPL investments and by impairment losses recorded against available for sale investments held by it. The Group also has investments in certain unquoted securities and, in each of 2014 and 2013, its result from operating activities was affected by impairment losses on such securities. In addition, the Group may realise losses on its equity securities should it decide to sell them at a price below their book value.

An increase of 5.0 per cent. in the price of the Group's equity holdings at 31 December 2015 would, assuming all other variables including, in particular, foreign exchange rates remained constant, have increased the Group's profit by AED 698 million and increased its equity by AED 300 million. A decrease of 5.0 per cent. in the price of the Group's equity holdings at the same date would have had an equal but opposite effect, in each case assuming all other variables including, in particular, foreign exchange rates remained constant.

See note 38(d) to the 2015 Financial Statements for an analysis of the fair values of the Group's financial assets and liabilities.

Commodities price risk

The Group's principal revenue generating activities and sources of funding expose the Group to the risk of fluctuations in global commodity prices. Because the Group's principal revenue generating activities are the manufacture and sale of semiconductor wafers, the provision of aircraft MRO services and the sale of hydrocarbons, fluctuations in the price of the commodities sold by the Group, including petroleum and natural gas products, as well as fluctuations in the prices of materials used in its operations, could have a material negative impact on Group revenue. The Group is also exposed to changes in the price of aluminium through its investment in EGA, to changes in the price of iron ore through its investment in Porto Sudeste and to changes in the price of copper through its investment in Matsa.

DESCRIPTION OF THE GROUP

OVERVIEW

The Company was formed in 2002 by the Government, its sole shareholder, as the business development and investment company mandated to act as a primary catalyst in the implementation of Abu Dhabi's development strategy described under "*Relationship with the Government*". The Group's mandate is to implement the development strategy in a commercial and sustainable manner. It does this by forming new companies or by acquiring shareholdings in existing companies both in the UAE and abroad, and by generating sustainable economic benefits for Abu Dhabi through partnerships with local, regional and international companies.

The Company was formed by Emiri Decree and any change to the Government's 100.0 per cent. ownership of the Company would require a further Emiri Decree. In addition, the Government has substantial representation in the Group's management, with two members of the Executive Council sitting on the Board, including the Chairman, H.H. Sheikh Mohamed bin Zayed Al Nahyan, the Crown Prince of Abu Dhabi.

The Group's development mandate has been supported by significant shareholder contributions from the Government. As at 31 December 2015, the Government's cumulative capital contributions into the Company since its establishment totalled AED 170.5 billion. Although, in the past, equity contributions from the Government have been a significant source of funding for the Group, the Company did not request additional shareholder contributions in 2015 and the Company expects that future capital and investment expenditure will largely be funded by operating cash flow, borrowing from third parties and selective asset monetisations.

- The Group operates through four global platforms:
- Technology & Industry;
- Aerospace & Engineering Services;
- Energy; and
- Emerging Sectors.

Each of these global platforms incorporates one or more business units and businesses and each is supported by the Group CFO's platform and a range of other support units. See further, "*Global platforms—Introduction*" below. While most of the Group's operations are conducted through its subsidiaries and joint ventures, it also has significant minority investments in a number of assets intended to support its development mandate.

The Group continues to invest substantially as and when required, with net cash used in investing activities of AED 17.7 billion in 2015, AED 17.6 billion in 2014 and AED 19.8 billion in 2013, equal to 51.9 per cent. of its revenue from the sale of goods and services in 2015 and 53.9 per cent. and 63.7 per cent. in 2014 and 2013, respectively.

The Group's current principal revenue generating activities are the manufacture and sale of semiconductors through GLOBALFOUNDRIES (see further "*Global platforms—Technology & Industry global platform—Mubadala Technology*"), the provision of aircraft maintenance and repair services, principally through SR Technics (see further "*Global platforms—Aerospace & Engineering Services global platform—Aerospace & Defence Services business unit—Civil aviation and other MRO network—SR Technics*") and the sale of hydrocarbons through its proportional share in the upstream activities of the Dolphin Project (see further "*Global platforms—Energy global platform—Mubadala Petroleum—The Dolphin Project*") and through MPSEA (see further "*Global platforms—Energy global platform—Mubadala Petroleum—MPSEA*").

The Group's capital and investment expenditures include investments in subsidiaries, jointly controlled entities, joint operations, associates and other investments, acquisitions of property, plant and equipment, intangible and other

assets. The Group anticipates that it will continue to incur capital and investment expenditures in future years. As at 31 December 2015, the Group's committed capital and investment expenditure (including exploration commitments) was AED 40.1 billion, see "*Management's discussion and analysis of financial condition and results of operations of the Group—Capital and investment expenditure*".

The Company has been assigned ratings of Aa2 by Moody's Singapore (on review for downgrade) and AA by each of S&P and Fitch, each with stable outlook. In all three cases, these are the same ratings given to the Abu Dhabi sovereign and reflect the Group's strong strategic relationship with the Government.

HISTORY

The Company was established in October 2002 as a public joint stock company pursuant to Emiri Decree No. 12 of 2002 (**Decree No. 12**) issued by the Ruler of Abu Dhabi. The Company evolved out of the UAE Offsets Programme Bureau which commenced in 1992. The UAE Offsets Programme Bureau required entities contracting with the Government to contribute economic activity to the local economy. In particular, the UAE Offsets Programme Bureau was initially focused on modernising the UAE armed forces and defence contractors were required to offset a part of the value of their contracts by investing in the UAE, typically in joint ventures with UAE entities. In 2002, the Government decided to establish the Company as a dedicated investment and development company to hold certain defence and non-defence related investments. Accordingly, following its establishment, certain projects being carried on under the auspices of the UAE Offsets Programme Bureau were transferred to the Group. In addition, a number of UAE Offsets Programme Bureau personnel became officers and employees of the Company when it was incorporated. Following these initial transfers, the Company commenced its own programme of investment, development and acquisitions and has no current involvement with the UAE Offsets Programme Bureau, which continues to operate independently of the Group.

STRATEGY

The Group's mandate from the Government is to develop and operate assets and make investments in priority sectors that provide the Government with both attractive risk-adjusted financial returns and clear socio-economic benefits, such as human capital development (in particular Emiratisation and high-skilled job creation), economic diversification and wealth creation. Given the dual focus on investment and development, the majority of projects and investments have resulted from a combination of pro-active selection of sectors and a range of attractive opportunities within those sectors.

- The Group's strategy and corporate objectives are anchored around four main areas, in line with its mandate:
- building a diversified portfolio;
- supporting the development and diversification of Abu Dhabi and its integration into the global economy;
- delivering financial returns while preserving and creating value; and
- advancing Abu Dhabi's human capital base across target sectors, with an emphasis on Emiratisation and the development of leadership potential among the UAE national population.

The Group's strategy consists of the following key components:

- selecting sectors and industries on the basis of:
 - financial attractiveness and scale that often only a sovereign or sovereign-supported entity can develop, given the requirement for significant up-front investment before such investments become sustainable, and that such sectors are typically not easily accessible to the private sector;

- clear and sustainable Abu Dhabi competitive advantage, consistent with the Policy Agenda and the 2030 Economic Vision; and
- socio-economic benefit to Abu Dhabi including but not limited to the potential for high skilled job creation, GDP diversification, creating and reinforcing deep relationships with leading businesses and governments, innovation that helps build a knowledge-based economy and the opportunity for wealth creation and distribution; and
- making investments within select sectors, such as:
 - global champions and anchor investments in Abu Dhabi that support development of clusters of self-sustaining businesses that achieve attractive financial returns while at the same time adding to the diversification of Abu Dhabi's economy in terms of GDP-contribution, export-value and high skilled job creation (for example, EGA in the aluminium sector, Strata Manufacturing PJSC (**Strata**) and AMMROC in the aerospace sector, Masdar in the renewable energy sector and GLOBALFOUNDRIES in the semiconductor sector);
 - local catalyst investments that enable the incubation of underdeveloped sectors or the development of vital infrastructure for Abu Dhabi that will eventually be transferred or sold to the private sector (for example, healthcare assets and the university PPP projects undertaken by the Group); and
 - financial investments, mainly international, minority investments in public or private equities, funds and limited partnership investments undertaken with the intention of generating a financial return, diversifying the Group's revenues and supporting its future financial sustainability (for example, Mubadala Capital), or to support government-to-government relationships as part sovereign investment partnerships (for example its investment in Russian, Chinese and French funds), and sometimes with the added potential of developing strategic relationships (for example, its investments in Carlyle and GE).

PLANNING AND INVESTMENT PROCESS

The framework of the Group's planning and investment process is set out in a rolling five-year business plan and refined in the annual budget which is prepared in the last quarter of the year preceding that to which the budget applies and is reviewed on a quarterly basis during the budget year. The overall annual budget comprises separate revenue, operating and capital budgets for each business unit, subsidiary and jointly controlled entity, all of which are prepared under the guidance of the Company's Group Chief Financial Officer (**Group CFO**), reviewed by the Company's Group Chief Executive Officer (**Group CEO**), endorsed by the Investment Committee and then presented to the Board for approval. The annual budget includes estimates of the total cost of the commitments (including committed investments), expenditure and financing requirements of the Group for the relevant year. Once the annual budget has been approved, this is considered as authorisation to invest, commit or spend the Company's funds in accordance with authorities delegated by the Board.

Although, in the past, equity contributions from the Government have been a significant source of funding for the Group, the Company did not request additional shareholder contributions in 2015 and the Company expects that future capital and investment expenditure will largely be funded by operating cash flow, borrowing from third parties and selective asset monetisations. To the extent that third party debt funding is not available on acceptable terms, the Group will re-evaluate the viability of a project and may, amongst other things, defer execution and completion, modify scope, obtain equity funding or other alternative funding arrangements, or in certain circumstances provide temporary bridge financing itself.

The Investment Committee currently comprises the Group CEO, the Group CFO, the Deputy Group CEO and CEO of Emerging Sectors, the Chief Legal Counsel, the Chief Human Capital Officer, the CEO of Aerospace & Engineering Services and Acting CEO of Energy and the CEO of Technology & Industry. See "*Management and employees—Corporate governance—Committees—Investment Committee*". The Investment Committee's mandate is to develop the overall investment and divestment policies of the Group for approval by the Board, to establish investment

guidelines in furtherance of those policies applicable to the Group as a whole and to review proposed new investments and projects in order to ensure that the Group's funds are invested in accordance with its approved policies and procedures and in conformity with the Group's strategy and business plan. Among other responsibilities and duties, the Investment Committee:

- reviews and challenges the annual plans and budgets submitted by each business unit, subsidiary and jointly controlled entity, which are then refined in light of the Investment Committee's feedback until the final plans and budgets are approved by the Investment Committee;
- monitors, evaluates and makes recommendations to the Board with respect to existing and potential new investments and projects and proposed major divestments; and
- approves investments of each business unit, subsidiary and jointly controlled entity where the amounts are equal to or less than AED 1.1 billion. In the case of investments of more than AED 1.1 billion, the Investment Committee endorses the investment for approval by the Board.

The financial return required by the Investment Committee in considering an investment depends on a number of factors, including the amount of capital deployed, the industry sector and level of risk associated with the investment.

Investment proposals considered by the Group may be originated internally through its business units or businesses or proposed to the Group by third parties (for example from the Government or joint venture partners). Where appropriate, proposals will be modified in order to fit the Company's overall mandate and investment criteria.

When reviewing investment or divestment proposals, the Investment Committee assesses the proposed transactions in the context of the overall Group portfolio. A standard framework is in place that helps the Investment Committee assess the impact of any potential investment or divestment decision on key metrics at the Group portfolio level.

The table below illustrates the approvals required for the Group's investments by reference to the size of the investment:

Investment Size	Approval Required
AED 1.1 billion and below	Investment Committee
Above AED 1.1 billion	Board

In addition, the approval of the Investment Committee is required for all investments and divestments, regardless of size, that have not been included in the current budget and in certain other circumstances, such as investments in new countries, businesses, sectors or with new partners.

Once the Group has invested in a project, the degree of ongoing involvement will vary significantly depending on the nature of the project. In all cases, the progress of the project is monitored by the responsible business unit or business which reports to the Investment Committee where necessary including, for example, if the approved parameters change materially, further investment becomes necessary or an exit is considered. In the case of projects undertaken by joint ventures, the Group generally requires its approval as a shareholder or joint venture partner to be obtained for all matters where it would have required Investment Committee or Board approval had the project been undertaken solely by it.

FUNDING PRINCIPLES

The Group generally employs a flexible funding strategy which depends on, among other things, the project or investment being financed, the state of the financing markets, relevant macroeconomic conditions and the execution timing of other transactions being undertaken by the Group.

The Group requires funding at two levels. First, funds are raised by the Company itself which are then used to finance the acquisition of new investments and provide funds to subsidiaries and joint ventures either in the form of equity contributions or debt. The sources of financing available to the Company to date have been equity contributions, including subordinated interest free loans without repayment requirements (although they may be repaid at the option of the Company) from the Government, external bank financing and financing through debt securities issued in the international capital markets. The Group expects that selective asset monetisations may become a source of funding in the future. See also "*Relationship with the Government*" and "*—Planning and investment process*" above. The Company maintains an ongoing dialogue with the Government regarding its present and future equity needs and expects that equity contributions will become a less important source of funding in the future. Second, funds are raised at an individual Group entity level to finance the entity's development and operation. At this level, the sources of funds have been equity and debt contributions from the Company (and, where relevant, its joint venture partners) and third party project-specific financing. The use of leverage in relation to a particular project or investment is considered at various stages of the investment process, on a case-by-case basis, based upon the projected returns to investors, the cash flow profile of the project or investment concerned, the availability of financing on attractive terms and other factors which the Group may consider appropriate. Where possible, the Group seeks to ensure that project-specific financing is advanced on a non-recourse basis. The Company's general policy is not to provide guarantees of project-specific funding, although it has done so in limited circumstances.

The Company has not paid any dividends to its shareholder or repaid any equity contributions to date. Subject to the approval of its board of directors, the Company anticipates making payments to the Government in the future.

GLOBAL PLATFORMS

Introduction

The Group operates through four global platforms, each of which incorporates one or more business units and businesses:

- Technology & Industry, incorporating the Mubadala Technology business unit and the Industry business unit;
- Aerospace & Engineering Services, incorporating the Aerospace & Defence Services business unit and the Information and Communications Technology business unit;
- Energy, incorporating Mubadala Petroleum and Masdar; and
- Emerging Sectors, incorporating the Mubadala Real Estate & Infrastructure, Mubadala Healthcare and Mubadala Capital business units.

Each global platform has its own CEO reporting to the Group CEO and each consolidates one or more business units and/or businesses.

Each of the global platforms is supported by the Group CFO's platform, comprising Corporate Finance and Treasury (including insurance), Group Finance, Group Support Services and Construction Management Services. The global platforms are also supported by the Company's Legal & Compliance, Group Taxation, Government Affairs, Group Strategy, Internal Audit, Human Capital, Group Communications and Enterprise Technology & Services units.

Technology & Industry global platform

The Group's Technology & Industry global platform comprises two business units, each of which is described below.

Mubadala Technology

Introduction

Mubadala Technology (formerly known as ATIC) focuses on investments in the global semiconductor sector. Its purpose is to deliver financial returns to its shareholder by responsibly and sustainably investing in, and building, leading technology companies around the world.

Mubadala Technology is committed to a long-term investment horizon with a view to ensuring that its investments are strategic and transformational rather than tactical and opportunistic. Mubadala Technology's principal investment is GLOBALFOUNDRIES which is described further below.

In 2015, the Technology reporting segment (which corresponds to the Mubadala Technology business unit) generated segment revenue from external customers of AED 18,421 million and recorded a segment total comprehensive loss attributable to the owner of the Group of AED 4,775 million. As at 31 December 2015, the reporting segment had total assets of AED 79,159 million, equal to 32.1 per cent. of the Group's total assets.

Formation of GLOBALFOUNDRIES

GLOBALFOUNDRIES was formed in March 2009 as a joint venture between AMD and Mubadala Technology. The transaction represented an opportunity to make a significant investment in advanced technologies and, in particular, the capital-intensive global manufacturing semiconductor business. For AMD, the formation of the joint venture represented an opportunity to focus on its core competency of designing semiconductor devices, obtain required financing and maintain secure access to leading edge manufacturing capacity. GLOBALFOUNDRIES would manufacture AMD microprocessors on the leading edge of semiconductor technology and other AMD products, and develop new customers over time. AMD and GLOBALFOUNDRIES are party to the Wafer Supply Agreement which, among other things, sets forth the terms and conditions under which AMD will purchase certain microprocessor and graphics processor products from GLOBALFOUNDRIES for a ten-year period expiring in 2019 (which may be extended to a 15-year period under certain circumstances).

During 2009, Mubadala Technology acquired Chartered Semiconductor Manufacturing Ltd (**Chartered**), an established, publicly traded semiconductor foundry with six fabrication facilities in Singapore. Mubadala Technology paid a total of U.S.\$1.9 billion to complete this acquisition in December 2009 and subsequently contributed the company to GLOBALFOUNDRIES. Mubadala Technology's strategy in pursuing this transaction was to combine GLOBALFOUNDRIES with an existing foundry that had significant foundry know how, design enablement capabilities, a portfolio of customers and an experienced sales force. In March 2012, AMD transferred to GLOBALFOUNDRIES its remaining capital stock in connection with the second amendment to the Wafer Supply Agreement. As a result, GLOBALFOUNDRIES is now wholly owned by Mubadala Technology, which is, in turn, wholly owned by the Company.

From GLOBALFOUNDRIES' formation through 31 December 2015, Mubadala Technology had invested approximately U.S.\$21.9 billion in GLOBALFOUNDRIES, including the cost of the Chartered acquisition, and has committed to invest an additional U.S.\$840 million in 2016, of which U.S.\$90 million had been received by GLOBALFOUNDRIES at 31 March 2016.

Acquisition of the IBM MD business

On 1 July 2015, GLOBALFOUNDRIES acquired the IBM MD business. As part of the acquisition, GLOBALFOUNDRIES acquired a 200 millimetre (**mm**) facility located in Burlington, Vermont (Fab 9) and a 300mm facility located in East Fishkill, upstate New York (Fab 10), solidifying GLOBALFOUNDRIES' position as the largest independent manufacturer of wafers in the United States. In addition, IBM and GLOBALFOUNDRIES entered into various agreements, including a technology co-operation agreement, various transition services agreements and a three-year packaging agreement with an IBM entity. As part of the acquisition, IBM agreed to pay U.S.\$1.5 billion in cash to GLOBALFOUNDRIES in three payments and GLOBALFOUNDRIES agreed to supply IBM's server business on an exclusive take or pay basis for an initial period of 10 years.

At closing, IBM paid GLOBALFOUNDRIES U.S.\$750 million offset by U.S.\$227 million for the estimated value at the time of closing of certain assets and working capital, which is subject to a post-closing working capital adjustment for which information continues to be gathered by the parties. IBM will make the remaining payments of U.S.\$500 million and U.S.\$250 million in 2016 and 2017, respectively. GLOBALFOUNDRIES also received title to a significant portfolio of over 11,000 IBM patents, which consists of patents applicable to the IBM MD business and other advanced technologies. In connection with the acquisition, IBM will retain all existing and future liabilities related to U.S. environmental laws affecting the acquired sites.

In addition to the production capacity received through Fab 9 and Fab 10, the acquisition has also enabled GLOBALFOUNDRIES to bolster its technology development resources through the acquisition of some of the world's leading technologists and significant intellectual property.

Relationship with AMD

In advance of and at the time of the formation of GLOBALFOUNDRIES, the Group acquired shares in AMD, giving the Group an approximately 20 per cent. shareholding in AMD. Upon the formation of GLOBALFOUNDRIES, AMD and GLOBALFOUNDRIES also entered into the Wafer Supply Agreement, under which AMD agreed to source the manufacturing of substantially all of its microprocessor products and specified percentages of its graphics processing unit (**GPU**) products from GLOBALFOUNDRIES for a minimum of 10 and a maximum of 15 years. The original Wafer Supply Agreement was entered into on 2 March 2009 and it established the volume, capacity and pricing commitments of each party to provide microprocessor products and GPU products. The Wafer Supply Agreement has subsequently been amended on five separate occasions, in order to reset annual volume, capacity and pricing commitments for microprocessor and GPU products for each of 2011, 2012, 2013, 2014 and 2015. When GLOBALFOUNDRIES was formed, AMD was the sole customer for GLOBALFOUNDRIES. As a result in part of the Chartered acquisition and subsequent commercial and marketing steps taken, GLOBALFOUNDRIES has been able to diversify its customer base. Nevertheless, AMD remains a critical customer to GLOBALFOUNDRIES, in particular on the leading edge, and the Wafer Supply Agreement continues to be GLOBALFOUNDRIES' most important supply agreement. Negotiations with AMD for 2016 and beyond are currently under way. As of 31 December 2015, the Group owned 17.9 per cent. of AMD and as such remains AMD's largest shareholder. The Group's investment in, and relationship with, AMD is managed by Mubadala Technology.

Description of GLOBALFOUNDRIES

GLOBALFOUNDRIES is one of the world's largest pure play semiconductor foundries and offers a full range of leading edge to mainstream wafer fabrication services and technologies. GLOBALFOUNDRIES focuses primarily on the leading edge segment of the market, which it defines as 28nm process node technology and below and which accounted for a significant portion of its net revenue in 2015. GLOBALFOUNDRIES manufactures a broad range of semiconductor devices, including microprocessors, mobile application processors, baseband processors, network processors, radio frequency devices, system on a chip devices,

microcontrollers, power management units, analogue mixed-signal devices and microelectromechanical systems.

GLOBALFOUNDRIES offers among the most advanced wafer fabrication technologies that are available in its industry for the manufacture of semiconductors. GLOBALFOUNDRIES currently manufactures in a range of process technology nodes spanning from 180nm and above to 14nm. GLOBALFOUNDRIES has a history of technology innovation, and its intellectual property portfolio consisted of approximately 26,000 granted and pending patents at 31 December 2015.

GLOBALFOUNDRIES is a global foundry with manufacturing facilities in Germany, Singapore and the United States, supported by facilities for research, development and design enablement located near the major hubs of semiconductor activity around the world. GLOBALFOUNDRIES' central administration and engineering offices are located in Silicon Valley, California. GLOBALFOUNDRIES' installed annual manufacturing capacity is 1.5 million 200mm wafers and 1.6 million 300mm wafers, or a combined total of 5.0 million 200mm wafer equivalents at 31 December 2015.

GLOBALFOUNDRIES provides foundry services to more than 250 customers worldwide to enable high growth, technologically advanced applications for the mobility; compute, connect, store; automotive; industrial, aerospace and defence; and consumer markets. GLOBALFOUNDRIES' customers include a majority of the world's 20 largest semiconductor companies, including leading fabless companies such as AMD, Broadcom, Mediatek, MStar and Qualcomm. GLOBALFOUNDRIES also serves integrated device manufacturers, including NXP Semiconductors, IBM, Intel, Samsung and STMicroelectronics. GLOBALFOUNDRIES collaborates with its customers starting in the early stages of their design cycles, resulting in tightly integrated design and development processes and the potential for significant cost savings for its customers. This has allowed GLOBALFOUNDRIES to gain more customers, especially at the leading edge process technology nodes.

The foundry business is capital intensive and GLOBALFOUNDRIES has made significant investments in the business. The current focus for GLOBALFOUNDRIES is expanding and retooling its German fab and completing the build out (at the 14nm and 7nm technology nodes) of, and ramping up production at, its fab in Malta, upstate New York (Fab 8).

GLOBALFOUNDRIES had more than 18,000 employees at 31 December 2015, including more than 3,200 focused on research and development efforts and more than 13,200 in manufacturing.

Industry

Overview

The Industry business unit pursues investment and development opportunities in those capital and resource-intensive sectors that can contribute to the diversification of Abu Dhabi's economy and position the Emirate in fast-growing global resource markets. The unit focuses on building world-scale metals and mining businesses, including the creation of a cluster of businesses in the UAE based on the aluminium value chain. The unit is also active in the utilities sector, with a number of investments in electricity generation, water desalination and district cooling.

In 2015, the Industry reporting segment (which corresponds to the Industry business unit) generated segment revenue from external customers of AED 1,178 million and recorded segment total comprehensive income attributable to the owner of the Group of AED 1,116 million. As at 31 December 2015, the reporting segment had total assets of AED 28,211 million, equal to approximately 11.5 per cent. of the Group's total assets.

The table below shows certain information regarding the principal businesses within the Industry business unit as at 31 December 2015:

Name	Description	Percentage Ownership	Accounting Treatment
EGA.....	Aluminium company	50.0	Equity method
Tabreed.....	District cooling company	33.2	Full consolidation ⁽¹⁾
Matsa	Base metals mining company	50.0	Equity method
Minesa	Colombian gold project	100.0	Full consolidation

Note:

- (1) The Group also owns mandatory convertible bonds issued by Tabreed which are taken into account in the decision to fully consolidate Tabreed. See “—*Tabreed*” below.

The principal investments within the Industry business unit include a 50.0 per cent. shareholding in EGA, a joint venture that owns various assets across the aluminium value chain, a 33.2 per cent. shareholding in Tabreed, a regional district cooling company based in Abu Dhabi, a 50.0 per cent. shareholding in Minas de Aguas Teñidas (**Matsa**), a base metals joint venture which operates mines in southern Spain and a 100.0 per cent. shareholding in Minesa, a Colombian company focused on developing a gold mining operation in the Santander province of Colombia.

Also included within the business unit are investments in power sector operations in Oman and Algeria, each of which is accounted for using the equity method and described below.

Aluminium

EGA

In June 2013, the ICD and the Company agreed to form an equally owned joint venture to combine their businesses in the aluminium sector. This culminated in the formation of EGA in March 2014. EGA’s principal assets are the aluminium smelter companies, EMAL and DUBAL, Guinea Alumina Corporation, Ltd. (**GAC**), a greenfield bauxite mine and alumina refinery project in the Republic of Guinea, and Al Taweelah Alumina (**ATA**), a greenfield alumina refinery development in Abu Dhabi. Further details on each of these businesses are set out below.

The establishment of EGA builds on the partnership that started with the formation of EMAL in 2006, a joint venture between the Company and DUBAL. The combined production of EGA’s smelters of 2.4 million tonnes per annum, ranks the UAE as the fourth largest primary aluminium producing country in the world.

EMAL

EMAL is a wholly-owned subsidiary of EGA and is responsible for the operation of an aluminium smelter with associated power generation facilities located in the Khalifa Port and Industrial Zone in Taweelah, Abu Dhabi. The project was designed and constructed in two phases. EMAL has a current capacity of approximately 1.4 million tonnes per annum of aluminium and a captive power generation capacity of 3,100 megawatts (**MW**), making it one of the largest single-site smelters in the world.

DUBAL

DUBAL is a wholly-owned subsidiary of EGA and operates an aluminium smelter in Dubai, which has an annual aluminium production capacity of approximately 1.1 million tonnes. DUBAL’s smelter started operations in 1977, with the first hot metal being produced in 1979. In addition to the smelter, DUBAL also owns and operates a captive 2,350 MW power plant, a desalination plant and port facilities. DUBAL has also been active in the research and development of advanced aluminium processing and production technology, the hallmark of which is DUBAL’s industry-leading reduction cell technology, which allow aluminium production cells to operate at significantly higher amperage than competing technologies, while improving energy

efficiency. DUBAL's proprietary technologies have been successfully implemented at EMAL and have recently been licensed to Aluminium Bahrain for its Line 6 expansion project.

GAC

Since 2004, GAC has held a concession to develop a bauxite mine, alumina refinery and related infrastructure in the Boké province in the Republic of Guinea. In addition to the concession, GAC also entered into various infrastructure-related agreements to develop a port and to utilise existing rail infrastructure owned by the Republic of Guinea and operated by a third party. In July 2013, the Group and DUBAL completed the acquisition of 100 per cent. of the equity of GAC, making GAC a wholly-owned subsidiary of EGA.

In November 2013, GAC and the Republic of Guinea signed an amendment agreement to revise GAC's existing concession and access arrangements. Among other things, the amendments allow for the phased implementation of the GAC project on a revised timeline (initially as an export-only bauxite mine and ultimately including an alumina refinery) and the development of a multi-user port and related infrastructure, and improvements to the existing railway to support GAC's and other projects in the Boké province. With preparatory works already underway, full construction work on GAC's mine is expected to commence in late 2016.

ATA

EGA, through its subsidiary ATA, is also developing an alumina refinery located in close proximity to EMAL. On completion of phase one, the refinery is expected to produce approximately 2 million tonnes of alumina per annum, which will support the EGA smelter's raw material needs. Completion of phase one is expected in 2018. ATA will source bauxite from Guinea under a long-term offtake contract with Compagnie des Bauxites de Guinée.

Utilities

Tabreed

Tabreed is a district cooling company based in Abu Dhabi. District cooling uses a network of pipes to distribute chilled water from a central cooling plant to a group of residential and commercial buildings and significantly reduces traditional air conditioning costs. Tabreed operates more than 60 plants across the GCC. Tabreed's shares are listed on the Dubai Financial Market.

Following Tabreed's completion of a recapitalisation programme in April 2011 and a voluntary buy-back by Tabreed of AED 1,000 million worth of Mandatory Convertible Securities in July 2015, the Company currently owns 33.2 per cent. of the share capital of Tabreed and approximately AED 2,258 million in Mandatory Convertible Securities issued by Tabreed, which give it an effective ownership interest of 82.0 per cent.

Power and water generation

Among the Company's other businesses within the Industry business unit are:

- a 30.9 per cent. shareholding in SMN PHC which owns the Barka II and Al Rusail plants in Oman. The Barka II plant generates 673 MW and has a desalination capacity of 120,000 cubic metres per day. Capacity is sold under a 15-year off-take contract that expires in 2024. Al Rusail generates 665MW which is sold under a 17-year off-take contract that expires in 2022; and
- a 25.0 per cent. shareholding in SKH, which has constructed and is operating a gas-fired thermal power plant in Algeria. SKH is held in partnership with SNC-Lavalin Constructeurs International Inc. and three companies owned by the government of Algeria. SKH's power plant has capacity of

approximately 1,227 MW. Capacity is sold pursuant to a 20-year offtake contract with Sonelgaz, one of three subsidiaries of the government of Algeria which is involved in the project. The offtake contract expires in 2029.

Mining

Matsa

In October 2015, the Group acquired a 50.0 per cent. stake in Trafigura's flagship mining operation, Matsa as part of a joint venture to invest in the base metals mining sector. Matsa owns and operates the Aguas Teñidas, Sotiel and Magdalena mines in southern Spain which produce copper, zinc and lead concentrates, with silver by-products. Matsa uses modern, mechanised underground mining methods to source ore from its three operations, which then feeds a centralised mineral processing plant at Aguas Teñidas.

Minesa

Minesa is a Colombian gold mining company focused on developing a world-class gold mining operation. The company's Soto Norte project is located within the municipality of California in the province of Santander and is one of the most significant undeveloped gold resources in South America. The project is currently in the pre-development phase, commissioning a range of technical studies to ensure its operational and environmental feasibility. The Group acquired ownership of Minesa (previously known as AUX) in February 2015.

Aerospace & Engineering Services global platform

The Group's Aerospace & Engineering Services global platform comprises two business units, each of which are described below.

Introduction

The Aerospace & Engineering Services global platform is responsible for investing in, and actively managing, assets with a primary focus on creating an aerospace and defence industry and a communications and technology cluster in Abu Dhabi. It continues to evaluate complementary joint ventures and acquisition targets as well as potential disposals of assets in order to optimise the structure of, and economic returns from, the global platform. In addition, the global platform continues to create and realise value through synergies that exist within the assets managed by it. In 2015, the Group's defence services interests spanning several companies were transferred into Emirates Defence Industries Company (**EDIC**), as described below. The provision of defence services remains an important component of the Aerospace & Engineering Services global platform. The global platform enjoys close relationships with OEMs such as Airbus, Boeing, General Electric and Rolls Royce, and the development of these relationships is an important part of the implementation of the global platform's expansion strategy. Another key objective continues to be to establish a local technology footprint with a strong presence in the telecommunications industry, and potentially to expand further its international presence in that industry. The Group's Aerospace & Engineering Services global platform's strategy also includes the training of UAE nationals to manage and lead Abu Dhabi's aerospace and information, communications and technology industries. Each aerospace, information, communications technology and defence investment seeks to develop capabilities in the UAE or bring to the UAE new skills or functions.

The Group's Aerospace & Engineering Services global platform is focused on six core areas:

Aerospace & Defense Services business unit

- its civil aviation and other MRO network;
- military services and manufacturing (through EDIC);
- the manufacture of aerostructures;
- ship building;

Information & Communications Technology business unit

- satellite telecommunications; and
- information, communications and technology.

In 2015, the Aerospace & Defence Services reporting segment (which corresponds to the Aerospace and Defence Services business unit) generated segment revenue of AED 5,805 million and recorded segment total comprehensive income attributable to the owner of the Group of AED 719 million. As at 31 December 2015, the reporting segment had total assets of AED 14,358 million, equal to approximately 5.8 per cent. of the Group's total assets.

In 2015, the Information & Communications Technology reporting segment (which corresponds to the Information and Communication Technology business unit) generated segment revenue of AED 1,755 million and recorded segment total comprehensive income attributable to the owner of the Group of AED 948 million. As at 31 December 2015, the reporting segment had total assets of AED 14,128 million, equal to approximately 5.7 per cent. of the Group's total assets.

The table below shows certain information regarding the principal businesses within the Aerospace & Engineering Services global platform as at 31 December 2015:

Name	Description	Percentage ownership	Accounting treatment
Aerospace & Defense Services business unit			
<i>Civil aviation and other MRO network</i>			
SR Technics.....	Aviation MRO services	100.0	Full consolidation
Sanad	Component and engine financing and leasing	100.0	Full consolidation
ATS&S	Engine MRO services	100.0	Full consolidation
TS&S	Industrial engine MRO services	100.0	Full consolidation
<i>Military services and manufacturing</i>			
EDIC.....	Integrated defence services and manufacturing platform	60.0	Equity method
<i>Aerostructures manufacturing</i>			
Strata.....	Composite aerostructures manufacturer	100.0	Full consolidation
<i>Ship building</i>			
ADSB	Construction, repair and refit of naval and commercial vessels	40.0	Equity method
Information & Communications Technology business unit			
<i>Satellite telecommunications</i>			
Yahsat	Satellite telecommunications	100.0	Full consolidation
<i>Information communications and technology</i>			
du	Telecommunications provider	20.1	Equity method
EMTS	Telecommunications provider	30.0	Equity method
Injazat	IT and business process services provider	100.0	Full Consolidation
Khazna.....	IT services provider	74.0	Equity method
Aerospace & Defense Services business unit			
<i>Civil aviation and other MRO network</i>			

The Group's civil aviation and other MRO network comprises SR Technics, Sanad, Aerospace Turbine Services & Solutions (**ATS&S**) and Turbine Services and Solutions (**TS&S**), each of which is described below.

SR Technics

SR Technics is a leading independent provider of commercial aviation MRO services, providing technical services in airframes, components and engines, with capabilities covering most Airbus and Boeing aircraft types. SR Technics' major customers include Swiss International Airlines, easyJet, airberlin and Finnair. SR Technics works closely with airlines, lessors and aerospace component trading companies. SR Technics

supports more than 1,000 aircraft and operates more than 330,000 square metres of aviation MRO facilities, with principal hangars at Zurich airport and a smaller hangar at Malta Airport. SR Technics also has a network of line maintenance stations at locations across Europe, and operates component logistics centres at London (Heathrow) and Zurich airports. In 2013, SR Technics opened a new component maintenance facility in Kuala Lumpur, Malaysia, and in 2015, opened an office facility in Serbia for the purpose of outsourcing several corporate support and administrative activities.

Sanad

Sanad provides opportunities for airlines to monetise assets while accessing the services of SR Technics and ATS&S. With aircraft engines and components under management having a carrying value of U.S.\$810 million at 31 December 2015, Sanad is an important component of the Group's vertically integrated aerospace business. Sanad has a growing portfolio of customers in the MENA region, Europe, North America and Asia. Its significant customers include Etihad, Virgin Australia, airberlin and Finnair. Sanad has leveraged its asset base and has exceeded U.S.\$651 million in aggregate third party financing with the carrying amount (net of repayments) being U.S.\$501 million at 31 December 2015.

ATS&S

ATS&S is a provider of engine MRO services to the civil aviation industry. Its services are performed in respect of four key products including GE Aviation's GEnx (Boeing 787 & 747-8), Rolls-Royce's Trent700 (Airbus A330), International Aero Engines' V2500 (Airbus A320) and Pratt & Whitney Canada's PT6 engine that powers various fixed and rotary wing aircraft. ATS&S holds key airworthiness approvals from authorities such as the US Federal Aviation Administration, the European Aviation Safety Agency and the UAE General Civil Aviation Authority, allowing it to serve a global customer base.

TS&S

TS&S provides MRO services for gas turbine product lines of leading OEMs, such as Siemens and General Electric. The majority of its customers are based in the UAE and GCC markets and operate in the oil and gas, utilities and process industries. TS&S aims to meet the needs of operators across geographies and has a service offering that ranges from field service support to complex total turbine package solutions.

Military services and manufacturing

EDIC

EDIC was established in 2014 from the integration of multiple assets owned by the Group, Tawazun Holding and Emirates Advanced Investments Group. The Group holds 60 per cent. of the equity in EDIC.

EDIC is an integrated defence services and manufacturing platform and aims to provide world-class facilities, technology and support services. EDIC brings together the combined capabilities of the UAE's defence industries into a single integrated platform to enhance value for its clients, shareholders, partners and other stakeholders. Consequently the Group's defence sector focus is principally channelled through EDIC in order to derive such benefits.

Once fully integrated, EDIC will operate across the manufacturing (including munitions), autonomous systems, mapping, MRO, communications, logistics and technology development sectors.

Aerostructures manufacturing

Strata

Strata focuses on the manufacture of advanced composite aero structures with the aim of becoming a leading company in this area by 2020. In addition, Strata intends to focus on the design and manufacture of wing movables and empennages for large single and twin aisle aircraft. The Aerospace & Engineering Services global platform has leveraged its close relationships with leading OEMs, including in particular Airbus and Boeing, in developing Strata's business plan. In November 2013, collaborations with Airbus and Boeing culminated in the global platform securing the transfer of work packages and other obligations to purchase products from the Group that in aggregate exceed U.S.\$5 billion. Over time, these commitments will be directed to Strata and other businesses within the Group.

Strata currently employs approximately 720 people and expects to continue to grow significantly. Strata recruits, develops and trains a workforce from both within the UAE and abroad. The current Emiratisation rate is 51 per cent. Partnerships have been formed with educational institutions to help achieve this goal.

Ship building

Abu Dhabi Ship Building (ADSB)

ADSB is a publicly listed company on the Abu Dhabi Securities Exchange. The Group owns 40.0 per cent. of the share capital of ADSB. The Government owns an additional 10.0 per cent. of ADSB and the Group has been granted governance control of those shares. The remaining shares are publicly owned by approximately 6,000 major and minor shareholders. ADSB was established in 1995 as a joint venture between the UAE Offsets Programme Bureau and Newport News. ADSB has close relationships with its UAE Naval forces customers (both the UAE Navy and the Critical Infrastructure and Coastal Protection Authority). To diversify its business, ADSB is creating through life support capabilities.

Information & Communications Technology business unit

Satellite telecommunications

Yahsat

Yahsat is a satellite communications company whose strategy is to develop, procure, own and operate communications satellite systems for the Middle East, Africa, Europe and South West Asia offering a portfolio of voice, data, video and internet connectivity solutions, focusing on high definition television and other broadband satellite services. Its target clients are in the telecommunications and military sectors. Yahsat's first satellite, Yahsat 1A was launched in April 2011, and its second satellite, Yahsat 1B, was launched in April 2012. Its third satellite, Al Yah 3, is currently under construction and scheduled for launch in 2017.

Information, communications and technology

Du

Du is a UAE-based telecommunications service provider. The Company was a founding shareholder of Du in 2005 and currently owns 20.1 per cent. of Du's share capital. Du is listed on the Dubai Financial Market. Du obtained its telecommunications licence in February 2006 and launched mobile services in early 2007.

EMTS

EMTS is a Nigeria-based telecommunications service provider, established in 2007 with a 15-year renewable unified access service licence in Nigeria to provide mobile, fixed and data services. In addition to

spectrum in the GSM 1800 and 900 megahertz band, the licence also includes the right to install and operate an international gateway. The Group has a 30.0 per cent. stake in EMTS. In October 2008, EMTS launched mobile services in Nigeria and is currently one of four mobile operators in the country. In November 2010, EMTS acquired a 3G license in Nigeria. By the end of 2015, EMTS had 22 million subscribers.

Injazat

Injazat is an information technology (**IT**) and business process services provider in Abu Dhabi. It offers a broad range of services from IT strategy setting and IT consultancy through systems integration to outsourcing of IT or business functions. Injazat was established as a joint venture between the Group and Hewlett Packard Enterprise Services. In 2014, the Group acquired the HPES interest and now owns 100.0 per cent of Injazat. In addition, Injazat owns a Tier IV data centre offering co-location and managed services solutions. In 2015, Injazat formed a joint venture with IBM to form Cognit, bringing IBM-Watson solutions exclusively to the Middle East, both in Arabic and English. Injazat's clients include a number of Government departments, agencies and other bodies as well as entities owned or controlled by the Government, including the Company, Dolphin Energy, the Abu Dhabi Water and Electricity Authority (**ADWEA**) and Strata.

Khazna

Khazna is one of the largest data centre infrastructure providers in the UAE and is a joint venture in which the Company holds 74 per cent. and du holds 26 per cent. of the shares in the company. Operations at its two state-of-the-art facilities in Meydan, Dubai and Masdar City, Abu Dhabi commenced in 2014, and deliver a combined 6MW of IT load. Khazna offers its clients reliable infrastructure at globally competitive prices, while providing dedicated and secured IT space through which clients can operate their own equipment. Its facilities are modular and scalable, allowing the facility to grow with its client base.

Energy global platform

The Group's Energy global platform comprises the businesses within Mubadala Petroleum and Masdar, each of which is described below:

Mubadala Petroleum

Mubadala Petroleum LLC (**Mubadala Petroleum**) was established in May 2012 and owns or manages the Group's portfolio of oil and gas assets. It is anticipated that most of the Group's oil and gas assets will be moved over time into Mubadala Petroleum. Mubadala Petroleum aims to leverage its technical, commercial and inter-governmental relationships to expand its regional activities and establish the Group as a globally competitive oil and gas exploration and production entity. Mubadala Petroleum's activities currently include operations and investments in Qatar, Bahrain, Oman, Thailand, Vietnam, Indonesia and Malaysia. Mubadala Petroleum is in the process of exiting from Kazakhstan and Tanzania and it is currently anticipated that this process will be complete by the end of 2016. Mubadala Petroleum's activities in Libya continue to be suspended due to force majeure.

In 2015, the oil & gas & energy reporting segment (which corresponds to Mubadala Petroleum) generated segment revenue from external customers of AED 4,493 million and recorded segment total comprehensive income attributable to the owner of the Group of AED 650 million. As at 31 December 2015, the reporting segment had total assets of AED 11,218 million, equal to 4.6 per cent. of the Group's total assets.

The table below shows certain information regarding the principal businesses managed or owned by Mubadala Petroleum as at 31 December 2015:

Name	Description	Percentage Ownership	Accounting Treatment
Dolphin Project ⁽¹⁾	Natural gas and associated hydrocarbon production	51.0	Joint operations
Dolphin Energy ⁽²⁾	Natural gas transportation and distribution	51.0	Equity method
MPSEA.....	Oil and natural gas exploration, development and production	100.0	Full consolidation

Notes:

- (1) Represents the Group's interest in the upstream assets in the Dolphin Project.
(2) Represents the Group's interest in Dolphin Energy, which owns and operates the midstream assets in the Dolphin Project.

The principal investments owned or managed by Mubadala Petroleum include a 51.0 per cent. interest in the Dolphin Project, including the shareholding in Dolphin Energy, and a 100.0 per cent. interest in a group of companies that own interests in oil and gas blocks and conduct oil and gas operations in South East Asia (**MPSEA**).

Mubadala Petroleum also owns a 15.0 per cent. interest in an oil joint venture in the Mukhaizna Block 53 field in Oman and a 32.0 per cent. interest in Bahrain Field (operated by Tatweer Petroleum-Bahrain Field WLL (**Tatweer Petroleum**)).

The Dolphin Project

The Dolphin Project has both upstream and midstream elements. The upstream portion of the Dolphin Project consists of the production of natural gas and associated hydrocarbons from fields in Qatar's offshore North Field and its processing for sale. A share of upstream revenues earned from the operation of the fields are allocated among the project partners as follows: 51 per cent. to the Group (through a wholly-owned subsidiary, DIC) and 24.5 per cent. to subsidiaries of each of Total S.A. of France and Occidental Petroleum Corporation of

the United States (**Occidental Petroleum**). The Dolphin block's proven reserves are estimated to be substantially in excess of the 18.25 trillion standard cubic feet (**SCF**) permitted to be extracted under the 25-year production sharing agreement, which expires in 2032 (with a renewal option for a further five-year period, subject to satisfaction of certain terms and conditions to be agreed upon by the parties at the time).

Once the wet gas is extracted from the fields, it is then transported by two 36-inch subsea pipelines to a gas processing plant in Ras Laffan in Qatar, one of the largest gas processing plants in the Middle East. The 730 billion SCF of dry gas produced annually by the plant is sold to Dolphin Energy (a joint venture company which is also owned 51.0 per cent. by the Company (through DIC) and 24.5 per cent. by each of Total S.A. and Occidental Petroleum) (through their subsidiaries) pursuant to a 25-year escalating fixed price contract, the ethane produced by the plant (approximately 3,400 tonnes per day) is committed for sale to Qatar Petroleum under a 25-year escalating fixed price contract, and the remaining associated products (approximately 3,500 tonnes per day of the liquefied petroleum gases propane and butane, 90,000 barrels per day of condensate (an ultralight oil), and 700 tonnes per day of sulphur) are sold through Tasweeq, the marketing entity of Qatar responsible for exporting regulated products in accordance with Qatari statutory requirements.

The midstream portion of the Dolphin Project is managed and operated by Dolphin Energy and involves the transportation of the dry gas produced in Qatar to Abu Dhabi through a 364-kilometre 48-inch subsea export pipeline constructed by Dolphin Energy and which has a design capacity of 3.2 billion SCF per day. Once the dry gas reaches the Taweelah receiving facilities in Abu Dhabi, it is then distributed by Dolphin Energy to its customers in Abu Dhabi, Dubai, the Northern Emirates and Oman through an onshore gas distribution network. In addition to the gas distribution facilities (which are leased from ADNOC under a long-term agreement), Dolphin Energy has also constructed gas pipelines from Taweelah to the Emirate of Fujairah in order to give flexibility to increase the gas volume delivered to the east coast of the UAE.

The main customers for the dry gas are the Abu Dhabi Water and Electricity Company (**ADWEC**), the Dubai Supply Authority (**DUSUP**) and the Oman Oil Company (**OOC**). Among them, ADWEC, DUSUP and OOC have long-term fixed price contracts in place with Dolphin Energy for the supply of approximately 93 per cent. of the Dolphin Project's upstream gas production. The remaining gas produced by the Dolphin Project is subject to a first priority claim by ADWEC at a fixed escalating price or is otherwise sold to other UAE customers pursuant to short-term gas supply agreements.

In addition to the 2 billion SCF of gas per day supplied from its upstream project, Dolphin Energy buys third-party gas from Qatar Petroleum and transports the gas from Qatar to the UAE where it is sold to various downstream customers. Over 480 billion SCF of such third-party gas has been sold by Dolphin Energy since 2009, contributing approximately US\$ 730 million to the project's net income. With the recent upgrade of the Dolphin Project's compression facilities, Dolphin Energy has the capacity to bring up to 1.2 billion SCF per day of third-party gas to UAE.

The cumulative capital cost of the Dolphin Project up to 31 December 2015 was U.S.\$6.17 billion. Following a number of refinancings, the project's total senior debt balance as of 31 December 2015 was U.S.\$3.43 billion. In addition, the sponsors have provided equity funding to the project. See "*Management's discussion and analysis of financial condition and results of operations of the Group—Analysis of certain statement of financial position items—Significant liabilities—Borrowings*".

MPSEA

In May 2008, the Group acquired all of the share capital of MPSEA. The acquisition provided the Group with access to a diverse portfolio of exploration, development and production assets in South East Asia. MPSEA is managed by, and operates as an integral part of, Mubadala Petroleum.

As of 31 December 2015, MPSEA held participating interests in 13 licence areas and production-sharing contracts in Malaysia, Thailand, Indonesia and Vietnam. As at 31 December 2015, MPSEA's 2P reserves were

approximately 70.7 million barrels of oil equivalent (working interest share). MPSEA is the operator of eight of the licence areas.

MPSEA derives revenue primarily from the sale of hydrocarbons from four producing fields: the Jasmine, Manora and Nong Yao oil fields in Thailand and the Ruby gas project in Indonesia.

MPSEA owns a 100 per cent. working interest the B5/27 block in the Gulf of Thailand and serves as the operator of the block. MPSEA's net production (100 per cent. working interest share) for 2015 from the Jasmine field in B5/27 averaged approximately 12,800 barrels of oil per day (**bopd**). 2P reserves in the Jasmine field are estimated at 26.7 million barrels (working interest share).

In November 2014, the Manora offshore oilfield project in Block G1/48 in the Gulf of Thailand commenced production. MPSEA holds a 60 per cent. working interest in the block and is the operator of the field. The Manora project had a capital cost of approximately U.S.\$332 million (100 per cent. working interest). Production in 2015 averaged 13,600 bopd. 2P reserves in the primary Manora reservoir are estimated at 11 million barrels (working interest share).

In June 2015, the Nong Yao offshore oilfield project in Block G11/48 in the Gulf of Thailand commenced production. MPSEA holds a 67.5 per cent. working interest in the block and is the operator of the field. The Nong Yao project had a capital cost of approximately U.S.\$246 million (100 per cent. working interest). Production in 2015 averaged 6,900 bopd. 2P reserves for the Nong Yao field are estimated at 5.5 million barrels (working interest share).

The Ruby gas project (Sebuku PSC) in the Makassar straits offshore Indonesia came on stream in October 2013 and sells gas to the Pupuk Kalimantan Timur fertiliser complex in East Kalimantan, Indonesia under a long-term gas sales agreement. MPSEA's net production (70 per cent. working interest share) from the Ruby gas project for 2015 averaged approximately 67 million SCF per day (11,200 barrels of oil equivalent per day), whereas gross production from Ruby averaged approximately 96 million SCF per day (16,050 barrels of oil equivalent per day). MPSEA's estimated working interest share of the 2P reserves in Ruby as at 31 December 2015 is 27.5 million barrels of oil equivalent. Other potential gas sales opportunities are under review.

In Malaysia, MPSEA is the operator of block SK320 located offshore Sarawak with a 55 per cent. interest. Petronas Carigali holds 25 per cent. and Shell 20 per cent. The block contains three gas discoveries, Pegaga, Sirih and Sintok, representing a significant hydrocarbon resource and the potential for a commercially attractive, integrated development. Work is ongoing to evaluate all the options for commercialising the resources in SK320, with a final investment decision on the development plan for the asset expected in 2017. SK320 has estimated 2P natural gas reserves of approximately 459 million barrels of oil equivalent in total (100 per cent. working interest) and 253 million barrels of oil equivalent (MPSEA's 55 per cent. working interest share).

MPSEA also holds interests in other blocks in Thailand, Vietnam, Malaysia and Indonesia which are undergoing further evaluation. MPSEA has a 30 per cent. interest in the Kris Energy operated Block G6/48 in Thailand, where an exploration drilling campaign in early 2015 yielded new discoveries, the results of which are being appraised. Offshore Vietnam, MPSEA holds a 25 per cent. interest (21.25 per cent. interest after back-in by PetroVietnam) in Block 07/03 located in the Nam Con Son Basin, which is operated by Repsol. In Block 07/03, the Ca Rong Do discovery is being further appraised, with a decision as to development of the discovery expected later in 2016. MPSEA owns a 20 per cent. interest in Blocks 135/136 offshore Vietnam, adjacent to Block 07/03, where exploration prospects are being further evaluated. MPSEA also holds a 20 per cent. interest in the Shell-operated deepwater Block DW2B in Malaysia and in other non-producing blocks in Indonesia.

Other oil and gas projects

Mubadala Petroleum also owns:

- a 15.0 per cent. working interest in an oil joint venture in the Mukhaizna Block 53 field in south-central Oman. The concession area covers 694 square kilometres and contains heavy sour crude oil (15 16° API). Average production for 2015 was approximately 122,000 bopd (100 per cent. working interest); and
- a 32.0 per cent. working interest in the Bahrain Field (operated by Tatweer Petroleum). Handover of the existing Bahrain Field operations to Tatweer Petroleum, the joint operating company, occurred on 1 December 2009. In 2015, the Bahrain field produced an average of 50,000 bopd of oil and condensate (100 per cent. working interest).

Masdar

The Group's wholly-owned subsidiary, Masdar, is undertaking the Masdar Project, which aims to support and capitalise on the Government's pledge that seven per cent. of Abu Dhabi's installed power capacity will come from renewable sources by 2020. The Masdar Project currently encompasses a number of renewable energy and sustainable development projects and investments.

Masdar has four primary objectives:

- to be profitable;
- to build the reputation of Abu Dhabi and Masdar as world leaders in renewable energy;
- to foster the development of a knowledge based economy in Abu Dhabi; and
- to reduce the carbon footprint of Abu Dhabi.

Masdar has an investment committee, which approves new investments and projects in order to ensure that the Masdar funds are invested in accordance with investment guidelines generating satisfactory returns, which are separate from (although similar to) the Investment Committee policies and procedures. However, all material Masdar investments are also ultimately submitted to the Investment Committee for approval.

In 2015, the Renewable Energy reporting segment (which principally comprises Masdar and the Masdar Project) generated segment revenue attributable to external customers of AED 478 million and recorded a segment total comprehensive loss attributable to the owner of the Group of AED 44 million. As at 31 December 2015, the Renewable Energy reporting segment had total assets of AED 7,978 million equal to approximately 3.2 per cent. of the Group's total assets.

The Masdar Project comprises a range of initiatives being carried out through Masdar's three business units: Masdar City; Masdar Special Projects; and Masdar Clean Energy, each of which is described below. Masdar also operates the Masdar Institute of Science & Technology which is also described below.

Masdar City

Masdar City is a six square kilometre development next to Khalifa City on the outskirts of Abu Dhabi city, in a designated Free Zone (**FZ**) and investment zone area, intended to house up to 52,000 people when completed. The land for Masdar City was granted to the Group by the Government in 2008 at no cost. Masdar City is being developed by the Group, with Masdar acting as master developer. The plan for Masdar City includes offices, hotels, residential and retail space, research and development space, light industry and laboratories. The city is intended to employ innovation in energy-efficiency, sustainable practices, resource recycling, transportation and green building standards.

Construction commenced in 2008 on Phase 1 of the project, with the first six buildings, housing the Masdar Institute of Science and Technology (the **Masdar Institute**), completed in September 2010. Phase 1 of

Masdar City is a mixed-use development with office, retail, hotel and residential units and the Masdar headquarters building. Neighbourhood 1, a key component of Phase 1, is fully leased and currently under delivery and will result in approximately 0.5 million square metres of gross floor area (**GFA**). All existing buildings and buildings under delivery are fully leased, principally to the over 350 companies registered within Masdar's free zone. The core of the city is centred around the headquarters of IRENA, the International Renewable Energy Agency, which headquarters were inaugurated in 2015.

In 2014, Masdar received final concept master plan approval from the Abu Dhabi Urban Planning Council for the Masdar City development as a whole, allowing 3.7 million square metres of GFA for the site. During 2015, subsequent detailed master plan approval has been received for Phase 1, Phase 2 and Phase 5 (2.3 million square metres of GFA in aggregate). The detailed master plan approval creates individual plots for self-development or sale to third party developers. A large portion of Phase 1 has either commenced or completed construction, is in design for self-development by Masdar, or has been sold to third party developers. Preliminary sales agreements for third party development have been signed for plots within Phase 2 and Phase 5.

Masdar Special Projects

The Masdar Special Projects business unit is mandated to provide PMC (project management consulting) end-to-end services for the delivery of small to medium sized renewable energy projects of a non-utility scale. The Special Projects team does not make any capital investment in such projects.

The business unit also pursues clean tech business opportunities with strategic relevance to Abu Dhabi and the wider MENA region. To date, Masdar Special Projects has successfully executed more than 20 projects with a total power capacity of approximately 48MW, spanning various geographies including the UAE and MENA region, the Pacific Islands and Africa. Recent projects which the business unit has delivered include a 500KW grid-connected photovoltaic (**PV**) plant in Tonga, a 15MW PV plant in Mauritania, and 600 stand-alone solar home systems in Afghanistan.

As at March 2016, Masdar Special Projects is involved in 11 projects and expects to deliver approximately 30MW of projects in 2016. These projects include solar PV and wind energy power plants, a major renewable energy desalination programme, a sustainable farm initiative and a lighting/energy efficiency project and are located in the Pacific, Africa, Asia and the MENA region.

Masdar Clean Energy

Masdar Clean Energy's objective is to develop and invest in utility-scale renewable energy projects around the world, preferably where governments with strong credit ratings act as counterparty for long-term off-take contracts, and across the technological landscape, with a focus on mature solar and wind technologies. Masdar Clean Energy's principal investments include:

- the Shams 1 power project, a 100MW concentrated solar power project located at Madinat Zayed between the coast and the oasis of Liwa. The project has been developed in partnership with a consortium between Total and Abengoa Solar. With Masdar's recent acquisition of Abengoa's interest in the project, Masdar now has an 80.0 per cent. interest. The plant was commissioned in March 2013 and is considered to be one of the largest thermal solar power plants in the world. Masdar sells the energy generated by the Shams 1 plant to ADWEC under a 25-year power purchase agreement. The cost of constructing the power plant amounted to approximately U.S.\$710 million and project financing in an amount of U.S.\$600 million was agreed with certain commercial banks in March 2011;
- a 20.0 per cent. interest in the London Array Project. The other participants in the London Array Project are E.ON AG (which owns a 30.0 per cent. stake), La Caisse de Dépôt et Placement du Québec (which owns a 25.0 per cent. stake) and DONG Energy AS (which owns a 25.0 per cent.

stake). The London Array Project was inaugurated in July 2013 and is considered to be the world's largest operational offshore wind farm with a total available capacity of 630MW. Total capital expenditure for the project was approximately £2.3 billion;

- a 40.0 per cent. interest in Torresol, a joint venture with Sener Grupo de Ingenieria S.A. of Spain which has developed the Gemasolar project, a 19.9MW central tower power plant with thermal storage in Spain which commenced commercial operation in mid 2011. The Gemasolar project was developed at a final capital cost of approximately €250 million. The joint venture has also completed the construction of two more concentrated solar power projects in Spain, the Valle 1 and Valle 2 projects, each of which consists of a 50MW parabolic trough plant with thermal storage. The Valle 1 and Valle 2 projects involved a final total investment of approximately €710 million. These projects commenced commercial operation in January 2012;
- a 31.0 per cent. interest in a 117MW onshore wind farm project located in Tafila, Southern Jordan. JWPC (the project company) signed a power purchase agreement with the government of Jordan and reached financial close in November 2013. The Tafila wind project is the first private wind project to reach financial close in the MENA region outside of Morocco. Commercial operations commenced in September 2015. The total investment for the project is U.S.\$263 million, supported by U.S.\$221 million in loans;
- a carbon capture, usage and storage project in cooperation with ADNOC. The construction of this project is currently estimated to cost approximately U.S.\$175 million and it will involve the capture of 0.8 million tons of CO² per year from Emirates Steel Industries' plant in the Mussafah area of Abu Dhabi. The CO² from the plant will be transported through a pipeline and injected into Abu Dhabi's reservoirs for enhanced oil recovery. The project will also help to substantially reduce the carbon emissions and liberate natural gas currently being injected; and
- a 35.0 per cent. interest in the Dudgeon project, a 402MW offshore wind farm project located in the UK. The other participants in the Dudgeon project are Statoil ASA with a 35.0 per cent. interest and Statkraft AS with a 30.0. per cent. interest. The project is currently under construction with an anticipated commercial operation date in the second half of 2017. The total capital expenditure for the project is anticipated to be approximately £1.54 billion and the sponsors are currently negotiating project finance arrangements.

Masdar Institute of Science and Technology

The Masdar Institute is a post graduate-level scientific engineering institution located in Masdar City, which is focused on education and research in energy and sustainable technologies which are key aspects of the Masdar initiative. The Masdar Institute is a non-profit, operationally independent entity created under the same Law No. 22 as Masdar and was established with the assistance of the Massachusetts Institute of Technology under a co-operative agreement signed in December 2006. The Masdar Institute is also managing a number of collaborative research projects with leading global research institutions and corporations. The Government is responsible for funding the operations of the Masdar Institute, which is a wholly-owned subsidiary of Masdar.

Emerging Sectors global platform

The Group's Emerging Sectors global platform comprises the Group's Mubadala Real Estate & Infrastructure business unit, Mubadala Healthcare business unit and Mubadala Capital business unit, each of which is described below.

Mubadala Real Estate & Infrastructure

The Mubadala Real Estate & Infrastructure business unit operates as an equity investor and/or partner and asset manager, focusing on infrastructure projects and real estate investment opportunities, both within the UAE and overseas. The business unit also manages the Group's existing infrastructure, real estate and hospitality portfolios.

In 2015, the Real Estate & Infrastructure reporting segment (which corresponds to the Mubadala Real Estate & Infrastructure business unit) generated segment revenue from external customers of AED 804 million and recorded segment total comprehensive income attributable to the owner of the Group of AED 996 million. As at 31 December 2015, the Real Estate & Infrastructure reporting segment had total assets of AED 28,548 million, equal to approximately 11.6 per cent. of the Group's total assets.

Infrastructure

In the infrastructure area, the Mubadala Real Estate & Infrastructure business unit is responsible for developing, investing in, owning and operating concession-based infrastructure projects predominantly through PPPs in education, health, transportation and other Government-related infrastructure sectors.

To date, the business unit has completed three major infrastructure projects, using a PPP model that involves construction contracts and facilities management services agreements in conjunction with long-term concession-based agreements with the Government or other relevant public sector grantors to use the facilities. The concession agreements each have a 25-year term, pursuant to which rental income and a service charge are paid for the facilities management services provided. At the end of the project term, the facilities will revert to the relevant public sector grantor or the relevant university. There are currently no projects under development. The completed projects are:

UAE University campus development

The UAE University campus in Al Ain was developed in four phases by Al Hikma Development Company PSC (**Al Hikma**), a majority owned subsidiary of the Company. The final phase completed in July 2011. Al Hikma has contracted with Khadamat Facilities Management Company LLC, a joint venture between the Company and Serco Holdings Ltd., to operate the facility. The project required total funding of AED 2.4 billion. In December 2013, the Company completed the sale of 49 per cent. of Al Hikma to Mubadala Infrastructure Partners Campus 1 LLC (**MIPL**).

Paris Sorbonne University Abu Dhabi campus development

A new campus for Paris Sorbonne University Abu Dhabi was developed in two phases by Manhal Development Company PJSC (**Manhal**). The final phase completed in August 2010. The project required total funding of AED 1.4 billion. In April 2011, the Company completed the sale of 49 per cent. of Manhal to MIPL.

Zayed University Abu Dhabi campus development

A new campus for Zayed University Abu Dhabi was developed in a single phase by Al Maqsed Development Company PJSC (**Al Maqsed**). The campus was completed in July 2011. The project required

total funding of approximately AED 4.0 billion. In July 2012, the Company completed the sale of 25.0 per cent. of Al Maqsed to MIPL.

Real estate and hospitality

The Mubadala Real Estate & Infrastructure business unit is also responsible for executing projects that generate both financial returns and strategic benefits to Abu Dhabi in the real estate and hospitality sectors. The Government has granted approximately 351 million square feet of land in Abu Dhabi to various Group companies for development. The Group intends to use the land allocated to the business unit to develop high profile residential, commercial, hospitality and retail developments in line with the Abu Dhabi Urban Structure Framework Plan and to seek additional opportunities to invest in real estate in Abu Dhabi and internationally, typically through joint ventures or other strategic relationships with third parties.

Abu Dhabi real estate projects

The Group's principal completed and ongoing real estate projects in Abu Dhabi are described below:

- **Al Maryah Island.** The Abu Dhabi Urban Structure Framework Plan contemplates that Al Maryah Island, which comprises approximately 12.2 million square feet of land granted by the Government to the Company, will form the core of the new International Financial Centre for Abu Dhabi City. Abu Dhabi Global Market Square (formerly known as Sowwah Square), a 0.9 million square feet plot of land, which is the first development on Al Maryah Island, lies at the heart of Al Maryah Island and includes four high quality Grade A office towers surrounding the new headquarters of Abu Dhabi Global Market, the newly created financial free zone authority, which signed a 50-year usufruct for its headquarters with the Group. Abu Dhabi Global Market Square is an approximately AED 7.0 billion project which was developed by the Group. Construction of Abu Dhabi Global Market Square commenced in the second half of 2007 and the first components of the project were completed in March 2011, with the first office tenants taking possession of their premises in April 2011. The Galleria at Abu Dhabi Global Market Square, a distinct shopping and dining destination featuring approximately 140 speciality retailers and 25 restaurants and cafes, was developed by a joint venture between the Group and Gulf Related, a regional real estate development company affiliated with The Related Companies. The Galleria opened in August 2013.
- **Arzanah,** on approximately 13.9 million square feet of land granted by the Government to the Company, is planned to be a mixed-use development with some waterfront plots on Abu Dhabi Island. Arzanah incorporates two parcels of land, the area surrounding Zayed Sports City Stadium and the two kilometre beachfront across the Khaleej Al Arabi Road, which will potentially be connected by two pedestrian bridges. One of the key residential areas of Arzanah, Rihan Heights, was developed by Capitala, a joint venture between the Company (51.0 per cent.) and CapitaLand GCC (Abu Dhabi) Pte Limited (49.0 per cent.). Upon completion, Arzanah is expected to include a significant retail development, a range of community sports facilities, international schools and a sports medicine healthcare facility. The Arzanah project is scheduled to be built in phases. The Group is now looking at ways to maximise the site's potential by adding entertainment and leisure facilities to make this a destination for both residents and tourists.

Hospitality projects

Hospitality investments and projects completed and currently being undertaken by the business unit include:

- **Viceroy Hotel Group.** In July 2008, the Group acquired a 50.0 per cent. interest in the Los Angeles-based Viceroy Hotel Group, an operator of luxury hotels and resorts under the Viceroy brand in selected destinations in North America, the Middle East and Asia;

- **Rosewood Abu Dhabi.** A significant component of Abu Dhabi Global Market Square is Rosewood Abu Dhabi, one of the leading luxury business hotels in Abu Dhabi. The 34-storey tower includes 189 hotel guest rooms and suites as well as a number of rental apartments and penthouses for sale, some of which are being leased or sold, and features extensive amenities for guests and residents. Rosewood Abu Dhabi opened in May 2013 and is operated on behalf of the Group by Rosewood Hotels & Resorts, an operator of ultra-luxury hotels in the Middle East and around the globe; and
- **Four Seasons Abu Dhabi.** In April 2010, the Group announced the proposed development of a luxury business hotel on Al Maryah Island adjacent to Abu Dhabi Global Market Square which will be operated by Four Seasons Hotels and Resorts on behalf of the Group. Construction commenced in 2013 and is expected to be completed in 2016, with the hotel, which has a similar hotel/residences mix to the Rosewood, also due to open in 2016.

International real estate

Expanding its global real estate interests, in 2015 the Group formally launched an international real estate investment initiative to deploy capital into the United States, Europe and Asia through strategic relationships with highly-regarded global institutional investors. In the near term, the Group will target yielding assets in developed markets. Over the longer term, the Group's activities will respond to regional market cycles and the Group's evolving business priorities.

Mubadala Healthcare

The Mubadala Healthcare business unit invests in and develops projects with the intent to develop a robust healthcare service sector in Abu Dhabi, providing specialised medical care to the people of the UAE, thus reducing the need for traveling abroad for medical treatment.

The Mubadala Healthcare business unit seeks to develop an integrated healthcare network, including hospitals, specialty centres of excellence and clinical support services. The Group has partnered on certain projects with internationally recognised healthcare providers, such as Cleveland Clinic, Imperial College London and Laboratory Corporation of America.

The Group derives healthcare revenue primarily from the provision of medical services at its facilities. To date, approximately 90 per cent. of the Mubadala Healthcare business unit's revenue is insurance-based. The Group intends to leverage its healthcare network by encouraging cross-referrals within the network as well as encouraging efficiencies through the deployment of common back office operations.

In 2015, the Healthcare reporting segment (which corresponds to the Mubadala Healthcare business unit) generated revenue attributable to external customers of AED 1,113 million and recorded segment total comprehensive income attributable to the owner of the Group of AED 25 million. As at 31 December 2015, the Healthcare reporting segment had total assets of AED 5,609 million, equal to approximately 2.3 per cent. of the Group's total assets.

The table below shows certain information regarding the principal businesses within the Mubadala Healthcare business unit as at 31 December 2015:

Name	Description	Percentage Ownership	Accounting Treatment
Specialist Diabetes Treatment & Research Centre LLC	Specialty centre for diabetes	100.0	Full consolidation
Health Point Hospital LLC	Multi-speciality clinic and hospital	100.0	Full consolidation
National Reference Laboratory	Reference laboratory services	100.0	Full consolidation

Specialist Diabetes Treatment & Research Centre LLC

At the end of 2004, the Group signed a framework agreement with Imperial College London for mutual co-operation in the fields of education, healthcare, research and development and industrial development. As part of this co-operation, the Imperial College London Diabetes Centre was constructed by the Company and commenced operations in August 2006 to address the demand for specialised treatment of diabetes in the UAE where the prevalence rate (more than 20 per cent. of UAE nationals) is among the highest in the world. The Company holds a 100.0 per cent. ownership interest in Specialist Diabetes Treatment & Research Centre LLC, which owns the diabetes centre, but contracts out the clinical operation of the centre to Imperial College London. The centre, which utilises on-site staff and expertise from Imperial College London, focuses on treatment, research and the importance of raising awareness about, and the management of, diabetes in the UAE. A similar facility has been developed in Al Ain and commenced operations in September 2011. A third facility, within Healthpoint, is planned to open in 2016.

Health Point Hospital LLC

Healthpoint, a multi-speciality clinic and hospital operated by the Company's subsidiary, Health Point Hospital LLC (formerly named Arzanah Abu Dhabi Medical Center LLC), commenced operations in June 2013. Healthpoint provides outpatient and inpatient services, and incorporates the clinical services that were previously provided by Abu Dhabi Knee & Sports Medicine Centre and (in Abu Dhabi) the Wooridul Spine Centre (operated by the Company's subsidiary, Abu Dhabi Spine Centre LLC). In addition, Healthpoint provides the following clinical services: paediatrics, physiotherapy, visceral medicine, family medicine, ENT, dermatology, plastic surgery and wound care management.

National Reference Laboratory LLC

The National Reference Laboratory, developed in partnership with the Laboratory Corporation of America Holdings, opened its first laboratory in Dubai in March 2010. In September 2011, a second laboratory was opened in Abu Dhabi, with this laboratory being the primary lab of the National Reference Laboratory. This facility provides centralised facilities for laboratory testing for hospitals and other healthcare facilities in Abu Dhabi, Dubai and the UAE. It also provides laboratory management services for other facilities owned and operated by the Group.

Other projects

A satellite outpatient facility of the Wooridul Spine Centre opened in Dubai in March 2011.

The Tawam Molecular Imaging Centre located in Al Ain and operated by Johns Hopkins Medicine International commenced operations in June 2010. This is a state-of-the-art diagnostic facility including a PET/CT diagnostic body imaging system, a 3.0T Magnetic Resonance Imaging System and a Cyclotron particle accelerator.

Capital Health Screening Centre, which provides health screening services for expatriate visa applications in the UAE, commenced operations in early 2011. It relocated to larger premises in 2015 to allow it to meet the increased demand for screenings. Capital Health Screening Centre also has two mobile screening units that allow it to provide screening services at client sites and remote locations.

Mubadala Capital

Mubadala Capital is Mubadala's dedicated financial investment unit focused on alternative asset and investment management investing globally across a range of asset classes, including equity and debt. It invests in both public and private securities, and both directly and through third-party managed funds, while also managing a number of sovereign investment partnerships.

Mubadala Capital utilises a research driven, value-oriented investment strategy and approach across all of its activities with a focus on both the creation of long-term wealth and capital preservation. Mubadala Capital's investment approach, strategy and activities aim to maintain a well- diversified investment portfolio that generates superior risk-adjusted financial returns.

In 2015, the Mubadala Capital reporting segment (which corresponds to the Mubadala Capital business unit) did not generate any segment revenue from external customers and recorded a total comprehensive loss attributable to the owner of the Group of AED 69 million. As at 31 December 2015, the Mubadala Capital reporting segment had total assets of AED 35,345 million, equal to 14.3 per cent. of the Group's total assets.

The Group's principal investments managed by the Mubadala Capital business unit as of 31 December 2015 include:

- a minority shareholding in GE valued at U.S.\$1,733 million as of 31 December 2015. This investment is part of a group-wide co-operation with GE since 2007.
- a minority shareholding in Carlyle valued at U.S.\$367 million as of 31 December 2015. Carlyle is a leading U.S.-based private equity company with more than U.S.\$183 billion in assets under management across 126 funds and 160 fund of funds vehicles at 31 December 2015, investing in sectors such as aerospace, defence and government services, consumer and retail, energy and power, financial services, healthcare, industrial, infrastructure, real estate, technology and business services, telecommunications and media and transportation, according to its website. In addition, the Group has approximately U.S.\$976.9 million in total commitments to funds managed by Carlyle, out of which U.S.\$897.4 million had been invested at 31 December 2015; and
- a minority investment in The Related Companies, a leading privately owned real estate development firm in the United States. The Company has also made a commitment to the Related Real Estate Recovery Fund, which is managed by The Related Companies;
- a minority equity interest in EMI Music Publishing, a music publishing company with a diverse catalogue of more than 1.3 million music copyrights. This investment was made in June 2012 and is administered by Sony/ATV on a day-to-day basis. The Group made additional follow-on investments in EMI Music Publishing in 2015;
- a minority shareholding in Porto Sudeste, a major iron ore port terminal in Rio de Janeiro state, Brazil. The Group has also acquired certain listed royalty bonds related to the project;
- an interest in a fund that holds RBI stock; and
- a minority shareholding in FGB, a UAE bank with its headquarters in Abu Dhabi.

Sovereign investment partnerships

In addition to the investments listed above, the Group has also entered into a number of joint ventures with sovereign wealth funds, including the Russian Direct Investment Fund in June 2013, Caisse des Depots in March 2014 and China Development Bank in December 2015.

COMPETITION

The Group's principal objective is to act as a business development and investment company to lead Abu Dhabi's development strategy, and as such it does not believe that it faces significant competition in carrying out this mandate. Its role in the development of the Abu Dhabi economy is different from other Abu Dhabi investment vehicles such as ADIA, whose mandate is to invest the Government's surpluses across various asset classes principally in the international markets, typically in minority investments, and ADIC, which principally

focuses on investments within the UAE. It is also different from more specialised entities, such as IPIC, which principally invests in oil and gas interests, the Abu Dhabi National Energy Company PJSC (**TAQA**), which focuses solely on energy and utility related projects, TDIC, which is a developer of tourism and real estate assets in Abu Dhabi, and Invest AD, which focuses on the financial services sector. However, certain of the Group's business units and/or managed investments face competition in their specific business areas and the nature and extent of this competition, and its effect on the Group as a whole, varies depending on the business concerned. Management believes that the diversification of the Group's activities offers a level of protection against the adverse effects of one or more of its projects or investments facing significant competition in their sphere of operations.

INTELLECTUAL PROPERTY

The ownership and control of intellectual property generated by Group companies is an important consideration for the Group when negotiating new joint ventures. Broadly, where practicable, the Group seeks to ensure that any intellectual property developed remains in the ownership of the joint venture and also aims to ensure that such intellectual property is protected against infringement using appropriate tools available.

INFORMATION TECHNOLOGY

The Group seeks to ensure that its IT systems and software meet the requirements of its business, are effectively maintained and are kept up to date. The Company has an online document management system that is available 24 hours a day and seven days a week, and its in-house IT team is responsible for IT support and maintenance. The Company has implemented the Oracle enterprise resource planning system to improve its internal controls and is seeking to ensure that its jointly controlled entities and subsidiaries have the appropriate links to the central system.

The Group's IT infrastructure is implemented and maintained by Injazat, one of the Group's portfolio companies. See "*Aerospace & Engineering Services global platform—Infrastructure & Communications Technology business unit—Information, communications and technology—Injazat Data Systems LLC (Injazat)*".

PROPERTY

In addition to the properties owned by the Group and described above, the Group's principal property is its headquarters, located at Al Mamoura Building, in the city of Abu Dhabi. The Company leases the office space for its headquarters from Aldar, but owns the land on which its headquarters building is located, which was granted to the Group by the Government. The Company believes that the Group's current facilities are adequate for its present and future operations.

ENVIRONMENT

The Group is committed to complying with or exceeding industry standards of all relevant environmental rules and regulations in the jurisdictions in which it operates. 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 management plans. The Group aims to develop its properties in a way that provides for the long-term sustainability of the environment.

Certain of the activities in which the Group engages are subject to higher levels of environmental regulation, including oil and gas exploration and production activities (which principally take place in certain countries in the Middle East and South East Asia), manufacturing activities such as semiconductor wafer manufacturing (which currently takes place in Germany, Singapore and the United States), aluminium smelting (which takes place in Abu Dhabi and Dubai), solar panel manufacturing (which takes place in Germany) and real estate development (which is currently focused on Abu Dhabi).

Environmental sustainability is both a goal and business strategy of the Group. Its cornerstone environmental and energy investment is the Masdar Project, a multi-billion dollar strategic initiative, which intends to develop sustainable renewable energy solutions, diversify Abu Dhabi's economy and enhance Abu Dhabi's human capital. See "*Global Platforms—Energy global platform—The Masdar Project*". The Group has also implemented environmental management procedures at its Abu Dhabi headquarters.

As at the date of this document, no material environmental claims have been made or asserted against the Group.

COMMUNITY

As well as delivering sustainable financial returns to the Government and contributing to the development and diversification of the economy of Abu Dhabi and the UAE, the Group also provides social benefits to the community.

The Group aims to create jobs and career development opportunities for Emirati nationals, while facilitating the development of high quality infrastructure in Abu Dhabi, including healthcare, education and industrial facilities. The Group is involved in major developments that will contribute to the sustainable growth of the community, including Zayed University, Health Point Hospital and Cleveland Clinic Abu Dhabi.

While the Group's businesses are predominantly focused on the creation of value in the UAE, it also invests in other countries in which it operates, including through community enrichment programmes in Malaysia and Thailand.

The Group is also a contributor to the Emirates Foundation, a charitable foundation established to foster public-private partnerships in the UAE, and supports and develops community events and activities in the areas of well-being, education and arts and culture.

MANAGEMENT AND EMPLOYEES

MANAGEMENT

Board of directors

Decree No. 11 provides that the Company shall be managed by the Board which is required to consist of a chairman and at least five other directors, each of whom is to be appointed by an Emiri decree for a renewable term of five years. The terms of the current members of the Board will expire in May 2016 or on the date a new Board is appointed, whichever is later.

The Board currently comprises the seven directors listed below:

Name	Title	Term expires
His Highness Sheikh Mohamed bin Zayed Al Nahyan	Chairman	2016
Mohammed Ahmed Al Bowardi	Vice-Chairman	2016
Hamad Al Hurr Al Suwaidi	Board Member	2016
Nasser Ahmed Khalifa Alsowaidi	Board Member	2016
Abdulhamid Mohammed Saeed	Board Member	2016
Mahmood Ebraheem Al Mahmood	Board Member	2016
Khaldoon Khalifa Al Mubarak	Group CEO and Managing Director	2016

The Articles require that at least four Board meetings should be held in each year. In practice, Board meetings are generally held at least six times a year. The quorum at each meeting is a majority in number of the directors. The Articles provide that the Board shall have all the powers and authorities generally granted by law to shareholders of public joint stock companies and, without limitation, that the Board can borrow money, charge the Company's assets, commence or settle any litigation, approve budgets and capital and investment expenditure and appoint and dismiss senior executives without the need for obtaining the approval of any other person. The business address of each of the members of the Board is PO Box 45005, Abu Dhabi, UAE.

The Board guides the strategic direction of the Company and regularly reviews the Group's operating and financial position. The Board ensures that the necessary resources are in place to enable the Company to meet its strategic objectives and monitors the performance of management and aims to ensure that the strategy, policies and procedures adopted are for the long-term benefit of Abu Dhabi, in line with the Company's mandate.

Brief biographies of each of the members of the Board are set out below:

His Highness Sheikh Mohamed bin Zayed Al Nahyan

H.H. Sheikh Mohamed bin Zayed Al Nahyan is the Crown Prince of Abu Dhabi and the Chairman of the Board. H.H. Sheikh Mohamed bin Zayed Al Nahyan also serves as Deputy Supreme Commander of the UAE Armed Forces, Chairman of the Abu Dhabi Executive Council, member of the Supreme Petroleum Council and Chairman of the Abu Dhabi Urban Planning Council.

H.H. Sheikh Mohamed bin Zayed Al Nahyan completed his formal education in the UAE and in the United Kingdom, graduating from the Royal Military Academy at Sandhurst, United Kingdom.

Mohammed Ahmed Al Bowardi

Mr Al Bowardi is the Minister of State for Defence Affairs, UAE. He is the Vice Chairman of the Company and Dolphin Energy, and board member of Tawazun Holding. He is also Chairman of the Committee for Developing and Implementing the Water and Agriculture Strategy for Abu Dhabi.

In addition, Mr Al Bowardi is Managing Director and board member of the Environment Agency-Abu Dhabi, Deputy Chairman of the Mohamed bin Zayed Species Conservation Fund and the International Fund for Houbara Conservation- Abu Dhabi, and a member of the Board of Trustees of Abu Dhabi University.

Mr Al Bowardi holds a degree in History and Political Science from Lewis & Clark College, U.S.A.

Hamad Al Hurr Al Suwaidi

Mr Al Suwaidi is a board member of ADIA and IPIC. He is also the Chairman of the Abu Dhabi Civil Service Council.

Mr Al Suwaidi holds a Bachelor of Business Administration from the Dominican University and a Master of Business Administration in Finance from California State University, both in the U.S.A.

Nasser Ahmed Khalifa Alsowaidi

Mr Alsowaidi is Chairman of National Bank of Abu Dhabi and Etihad Rail. In addition, he is a board member of IPIC and the Environment Agency-Abu Dhabi.

Over the past 20 years, Mr Alsowaidi has held senior roles in a number of Abu Dhabi government organisations, including the Department of Economic Development, ADIA and ADNOC.

Mr Alsowaidi holds a degree in Economics from the California State Polytechnic University, U.S.A.

Abdulhamid Mohammed Saeed

Mr Saeed is the Managing Director of FGB and Reem Investments. He is also a board member of Emirates Investment Authority, Sky News Arabia and Abu Dhabi Financial Group.

Mr Saeed holds a B.Sc. degree in Business Administration from Arizona University, U.S.A.

Mahmood Ebraheem Al Mahmood

Mr Al Mahmood is Chief Executive Officer of ADS Holding, a privately-held financial services firm based in Abu Dhabi, and Executive Chairman of ADS Securities. He is also a board member of Al Etihad Credit Bureau.

Mr Al Mahmood holds a Bachelor of Science degree in Business Administration, as well as a Masters in International Business, from the Webster University, Geneva, Switzerland.

Khaldoon Khalifa Al Mubarak

Mr Al Mubarak is Chairman of the Abu Dhabi Executive Affairs Authority, which provides strategic policy advice to the Chairman of the Abu Dhabi Executive Council, of which he is also a member. In addition, Mr Al Mubarak is a member of the Supreme Petroleum Council of the Emirate of Abu Dhabi.

He is Chairman of the Emirates Nuclear Energy Corporation (ENEC) and EGA. He is also Vice Chairman of the Abu Dhabi Urban Planning Council, a board member of FGB, and a Global eHealth Foundation

Ambassador. Mr Al Mubarak sits on the Board of Trustees for Zayed University, New York University and Masdar Institute of Science and Technology.

Mr Al Mubarak holds a degree in Economics and Finance from Tufts University, U.S.A.

Senior management

The Group CEO is authorised to represent the Company in all matters necessary or convenient for the proper management, supervision and direction of the Company's business and affairs pursuant to a power of attorney granted by the Chairman of the Board. In accordance with the Company's Delegation of Authority, the Group CEO has delegated part of his powers pursuant to a power of attorney to certain other members of the Investment Committee to assist in the day-to-day management and operation of the Company. The business address of each of the members of the Group's senior management (who also comprise the Investment Committee) is PO Box 45005, Abu Dhabi, UAE.

The members of the Company's senior management and its Investment Committee comprise:

Name	Title
Khaldoon Khalifa Al Mubarak.....	Group CEO and Managing Director
Waleed Ahmed Al Mokarrab Al Muhairi	Deputy Group CEO and CEO, Emerging Sectors
Carlos Obeid	Group CFO
Samer Halawa	Chief Legal Counsel
Homaid Al Shimmari	CEO, Aerospace & Engineering Services and Acting CEO, Energy
Khaled Abdullah Al Qubaisi	Chief Human Capital Officer
Ahmed Yahia	CEO, Technology & Industry

Brief biographies of each of the members of senior management and the Investment Committee (other than Khaldoon Khalifa Al Mubarak) are set out below:

Waleed Ahmed Al Mokarrab Al Muhairi

As the Deputy Group CEO and CEO, Emerging Sectors, Waleed has oversight of Mubadala's healthcare, real estate and infrastructure, and capital investment portfolios. Prior to joining the Company, Waleed worked with the UAE Offsets Programme Bureau as a senior projects manager. He also spent a number of years as a consultant at McKinsey & Company, advising on a range of industrial and governmental projects.

Education: Bachelor of Science in Foreign Service from Georgetown University, Edmund A. Walsh School of Foreign Service; Masters in Public Policy from Harvard University, both in the U.S.A.

Board Positions: Chairman of Cleveland Clinic Abu Dhabi and Tabreed; Vice Chairman of Aldar; board member of Masdar, Mubadala Petroleum, Tamouh Investments and Tamkeen; and member of the Board of Trustees of Cleveland Clinic.

Carlos Obeid

Carlos is the Company's Group CFO. Carlos was responsible for establishing the Company's organisational structure and oversees many of its corporate functions. This includes finance, structured finance and capital markets, treasury, acquisitions and investment management, group support services and construction

management services. Carlos joined the Company from the UAE Offsets Programme Bureau where he led a wide range of projects in areas such as privatisation, utilities and financial services.

Education: Bachelor of Science in Electrical Engineering from the American University of Beirut, Lebanon; Master of Business Administration from INSEAD, France.

Board Positions: Chairman of Mubadala GE Capital; board member of Mubadala Petroleum, MIPL, Masdar, Al Waha Capital PJSC and GLOBALFOUNDRIES; and member of the Board of Trustees of Cleveland Clinic.

Samer Halawa

Samer is the Company's Chief Legal Counsel, in addition to being Secretary to the Board. As Chief Legal Counsel, Samer is responsible for the Group's legal affairs, corporate governance and compliance and reports directly to the Group CEO. In addition, he has oversight of Government relations, regulatory affairs, corporate strategy and corporate tax. Prior to joining the Company, Samer practiced law in Dubai, during which time he headed the Corporate and Commercial Law practice of Habib Al Mulla & Co., a well established Dubai law firm. As a member of the Jordanian Bar Association, Samer practices a wide variety of international and local corporate and commercial law, specialising in cross-border M&A.

Education: Bachelor's degree in Law from the Faculty of Law, University of Jordan.

Board Positions: Board member of GLOBALFOUNDRIES, Mubadala Petroleum and Masdar.

Homaid Al Shimmari

Homaid is CEO, Aerospace & Engineering Services and Acting CEO, Energy, with oversight of the Company's aerospace, communications technology and defence services portfolios as well as the Company's oil and gas portfolio and renewable energy interests. Prior to joining the Company, Homaid was a Lieutenant Colonel in the UAE Armed Forces and has expertise in the areas of military aviation, maintenance, procurement and logistics.

Education: Bachelor of Science Degree in Aeronautical Engineering from Embry-Riddle Aeronautical University in Daytona Beach, U.S.A.

Board Positions: Chairman of EDIC, AMMROC, ADSB, Abu Dhabi Autonomous Systems Investment and Maximus Air Cargo; board member of Masdar, Mubadala Petroleum, Piaggio Aero Industries S.p.A., Abu Dhabi Aviation, Royal Jet, AerCap Holdings, GLOBALFOUNDRIES and du.

Khaled Al Qubaisi

Khaled is the Chief Human Capital Officer for the Group, with responsibility for performance management, learning and development, employee career growth, talent acquisition and Emiratisation. Before joining the Company, Khaled was the head of Corporate Finance & Business Development at National Bank of Abu Dhabi.

Education: BA in Finance and Operation Management from Boston University and an MSc from George Washington University, U.S.A.

Board Positions: Chairman of Munich Health Daman Holding Limited and Vice Chairman of Qatar District Cooling Company QSCS; Managing Director of Tabreed and Abu Dhabi Racing; board member of Finance House PJSC, Abu Dhabi Motor Sports Management LLC, GLOBALFOUNDRIES, Mubadala Petroleum, Masdar, EGA, Mubadala GE Capital, Abu Dhabi Tawteen Council and Saudi Tabreed.

Ahmed Yahia

Ahmed is CEO, Technology & Industry, with oversight of the Company's semiconductors, metals, mining and utilities portfolios. Prior to joining the Company, Ahmed was a partner at McKinsey & Co., where he led the Abu Dhabi and Principal Investor practices. He was also a Brand Manager at Procter & Gamble, where he led several flagship brands.

Education: Bachelor of Science in Industrial Engineering from the EcoleCentrale Paris; Master of Science in Mechanical Engineering from the Massachusetts Institute of Technology.

Board Positions: Chairman of GLOBALFOUNDRIES and TM Mining Ventures S.L.; board member of Tabreed, AMD, Masdar, Mubadala Petroleum and EGA.

CONFLICTS

There are no conflicts of interest between the duties of the members of the Board and senior management listed above to the Company and their private interests or other duties.

CORPORATE GOVERNANCE

The Company is committed to the highest standards of corporate governance across the Group and seeks to ensure that the Company and its subsidiaries are managed, directed and controlled effectively. The Chief Legal Counsel is responsible for overseeing the Group's corporate governance affairs, training and related policies and procedures.

The Board is responsible for the direction and oversight of the Company on behalf of its shareholder and is accountable to the shareholder for all aspects of the Company's business. The Board believes that effective governance of the Company is primarily achieved through the delegation of certain of its authority for executive management to the Investment Committee and to the Group CEO, subject to monitoring by the Board and the limitations defined in the Company's Delegation of Authority, a revised version of which was approved by the Board and issued in April 2014. A mandatory training programme has been conducted for all employees. Mandatory yearly refresher programmes are designed to ensure that all employees remain up-to-date on this critical policy.

The Delegation of Authority is a critical component of the Company's governance structure and its purpose is to facilitate the business objectives and day-to-day management and operation of the Company by documenting delegations of authority in sufficient detail to enforce responsibility, accountability and adequate internal control over the authorisation, execution and management of commitments. Each business unit is responsible for ensuring that its respective assets have in place a Delegation of Authority and for ensuring that they operate in accordance with their approved Delegation of Authority. Board and committee members of Group companies are trained to ensure they are familiar with the authorisations that have been delegated to the relevant board or committee and which matters are required to be presented to the shareholders for approval. For existing Group operating companies that do not have a Company approved Delegation of Authority in place (such as start-ups, non-operating entities or companies that are not controlled by the Company) the default position is that the Company Delegation of Authority shall apply to those entities and/or to those Company employees representing the Company on the boards of those entities in the exercise of their duties and responsibilities. Any breach of the Delegation of Authority by a board or any employee of the company is considered a breach of fiduciary duty and those concerned may face disciplinary action.

The Board's governance mandate deals with its relationships with the Company's shareholder and executive management, the conduct of the Board's affairs and the tasks and requirements of Board committees. The Board also monitors the Company's focus and commitment to activities that promote its shareholder's interests, including in particular the active consideration of strategy, risk management and financial planning and performance.

Ultimate responsibility for adopting standards of corporate governance rests with the Board. In addition, each Company employee appointed to serve as a board or committee member for the Group is aware of his important individual duties and responsibilities in shaping the success and development of the Group. To aid such individuals, the Company has developed a Corporate Governance Handbook for directors and committee members, which sets out their key roles, responsibilities and fiduciary duties. Furthermore, the Chief Legal Counsel oversees the corporate governance training programme, whereby regular focused training workshops are provided to relevant individuals. To date, the Company has trained more than 250 Board and Committee members and other employees responsible for corporate governance across the Group. The performance of boards and committees across the Group is monitored closely through a detailed evaluation process.

The Company's Internal Audit function reports independently to the Audit, Risk and Compliance Committee and is responsible for the objective assessment of the Company's internal controls, providing improvement support to the Company's operations and assurance support for the effectiveness of governance processes, compliance with laws and regulations, and the reliability of information.

Committees

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee comprises three non-executive Board members. The current members are Hamad Al Hurr Al Suwaidi as the Chairman, Abdulhamid Mohammed Saeed and Mahmood Ebraheem Al Mahmood. The Audit, Risk and Compliance Committee is mandated by the Board to oversee the financial, risk management and compliance activities of the Company. Audit, Risk and Compliance Committee meetings include members of the Company's management as well as external auditors, where appropriate.

The Audit, Risk and Compliance Committee reports to the Board on financial, risk and compliance matters, which includes recommending the appointment of external auditors and oversight of the external audit process as well as reviewing and monitoring the following functions:

- integrity of financial statements;
- internal control systems;
- internal risk management systems;
- independence of external auditors and the provision of non-audit services;
- effectiveness of the Company's corporate governance and compliance programme; and
- compliance and performance of the Company's internal audit department.

The Audit, Risk and Compliance Committee meets as frequently as required, but at least four times annually following receipt by the Company of the half-year accounts and the final annual audited accounts and two times annually to review compliance and governance matters across the Group.

Investment Committee

The Investment Committee is mandated to review, consider and approve certain corporate, strategic, organisational, operational, performance, investment and financial matters across the Company. It is responsible to the Board for developing and monitoring the Company's financial and non-financial strategy and for the overall performance of the Company and for managing the Company's businesses, as defined by the Investment Committee Charter. The financial authority of the Investment Committee is AED 1.1 billion.

A revised Investment Committee Charter was approved by the Board in March 2014.

The mandate of the Investment Committee, as approved by the Board, is to:

- develop the overall investment policies of the Company to be approved by the Board and establish relevant investment guidelines;
- review proposed new investments and projects to ensure that the Company's funds are invested in accordance with the approved policies and procedures and in conformity with the Group's strategy and business plan;
- discuss, agree and track the progress of the Company's strategy, policy, governance, compliance and organisational issues; and
- review, consider and approve certain corporate, strategic, organisational, operational, performance, investment and financial matters across the Group.

Among other responsibilities, the Investment Committee reviews and challenges the annual plans and budgets submitted by each business unit, subsidiary and jointly controlled entity, which are then refined in light of the Investment Committee's feedback until the final plans and budgets are approved by the Investment Committee. The Investment Committee also monitors, evaluates and makes recommendations to the Board with respect to existing and potential new investments and projects; and approves investments of each of the business units, subsidiaries and jointly controlled entities where the amounts are equal to or less than AED 1.1 billion. In the case of investments over AED 1.1 billion, the Investment Committee endorses the investment for approval by the Board.

The Investment Committee currently comprises the Group CEO, the Group CFO, the Deputy Group CEO and CEO of Emerging Sectors, the Chief Legal Counsel, the Chief Human Capital Officer, the CEO of Aerospace & Engineering Services and Acting CEO of Energy and the CEO of Technology & Industry. The Investment Committee is assisted by a dedicated corporate secretary.

The Investment Committee typically meets in person four times a month, in addition to a large number of informal meetings and discussions involving Investment Committee members throughout the year.

Talent Review & Development Committee

The Talent Review & Development Committee was established by the Investment Committee and is mandated to oversee the development of all employees across the Group, including manpower resourcing, Emiratisation, mobility, training, learning and development, and talent management. In addition, the Committee is mandated to review promotions, compensation and benefits.

The mandate of the Talent Review & Development Committee, as approved by the Investment Committee, is to:

- review and make recommendations regarding the development of employees across the Company in areas such as Emiratisation, mobility, training, learning and development, and talent management and to assess whether the Company is establishing appropriate incentives for management and employees with respect to these areas;
- oversee the Group's strategy to recruit and retain talent and review the Company's succession plans including, but not limited to, plans for the development, retention and succession of all key employees;
- oversee the Company's overall philosophy, strategy and policies regarding, compensation, benefits and promotions; and

- make recommendations to the Investment Committee with respect to improvement of existing compensation plans and programmes or the adoption of new compensation plans and programmes.

Budget & Business Plan Committee

The Budget & Business Plan Committee was established by the Investment Committee and is mandated to coordinate and review the Company's and the Group's business plan, budget, debt and funding plans, and manpower plan.

The mandate of the Budget & Business Plan Committee, as approved by the Investment Committee, is to:

- oversee the Company's business plans;
- oversee the Company's budget-setting calendar and process;
- regularly review the Company's implementation of the approved budget and business plan, and provide ongoing critical evaluation of, and accountability for, performance within the financial limits and corporate targets approved by the Group; and
- work with management to ensure the Investment Committee is regularly informed of the Group's key business and budget plans and communicate Investment Committee to management.

COMPLIANCE

The Company has implemented a Group-wide compliance programme based on global best practices. This programme consists of the following elements that operate continuously and are focused on protecting the Group by preventing, detecting and responding to compliance issues:

- ***Risk assessment*** – review and identify risks, ensure abatement plans and policies are in place, and prevent and detect unlawful and/or unethical conduct;
- ***Reporting*** – provide multiple channels to report concerns (including anonymous reporting), conduct compliance investigations and provide remedial/corrective actions;
- ***Training*** – create and deliver training programmes on the Group Code of Conduct and standalone policies to ensure employees are knowledgeable, aware and committed to acting ethically and compliantly;
- ***Communicating*** – provide creative and comprehensive programmes to support training and build awareness, knowledge and enthusiasm for a compliant and ethical corporate culture;
- ***Evaluating*** – assess the effectiveness and efficiency of programmes and policies and prepare performance and assessment reports for senior management and the Board to ensure continuous improvement; and
- ***Relating*** – build regulator and partner relationships to identify emerging risks and issues.

The Board is responsible for ensuring that there is an effective compliance programme in place. It fulfils its oversight duty through the Audit, Risk and Compliance Committee, the Group CEO and senior management. The Audit, Risk and Compliance Committee and Group CEO delegate the review and implementation of the compliance programme to the Compliance Review Board, which consists of the Deputy Group CEO, the Group CFO and the Chief Legal Counsel, the Chief Human Capital Officer and the Executive Director of Internal Audit. The Compliance Review Board is assisted by the Compliance Office, which has been established within

the Legal & Compliance Unit. The compliance programme is implemented through a Corporate Compliance Council, which comprises compliance representatives from each business and corporate unit across the Group.

As part of the compliance programme, the Company has implemented a comprehensive Code of Conduct applicable to directors and employees of the Company and its subsidiaries. All employees of the Company and its subsidiaries are required to complete training on the Code of Conduct and annually certify their commitment to upholding the Code. The Code is also applicable to certain third parties such as contractors, consultants and partners who work with or represent the Company or a subsidiary.

EMPLOYEES

As at 31 December 2015, the Company had 631 employees. This figure does not include contracted hires, secondees or employees of subsidiaries, joint ventures or associates.

The number of employees by platform and unit as at 31 December 2015 was as follows:

Platform	Number
Emerging Sectors	136
Aerospace & Engineering Services	52
Technology & Industry	52
Energy*	14
Unit	Number
Group CFO**	146
Chief Legal Counsel***	75
Human Capital	77
Group Communications	40
Internal Audit	28
CEO and Managing Director's Office	11
Total	631

Notes:

* Does not include Mubadala Petroleum or Masdar, whose employees are employed by those entities and not by the Company.

** Includes Corporate Finance & Treasury, Group Finance, Group Support Services and Construction Management Services.

*** Includes Legal & Compliance, Group Taxation, Group Strategy and Government Affairs.

The Group undertakes initiatives to motivate employees to contribute to its success through bonus and other long-term incentive programmes.

In accordance with the laws of the UAE, the Group provides end-of-service benefits to non-UAE national employees. Under UAE 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 UAE national employees, the Group contributes to the Abu Dhabi Retirement Pensions and Benefits Fund calculated as a percentage of the UAE national employees' salaries. These obligations are limited to these contributions, which are expensed when due.

The Group aims to continue to invest in human capital, training and development in order to carry out its planned expansion and growth in years to come. The Group continues to recruit.

BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the **Clearing Systems**) currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Guarantor nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Information in this section has been derived from DTC, Euroclear and Clearstream.*

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 member of the Federal Reserve System, a “banking organisation” within the meaning of the New York Banking Law, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation (**DTCC**). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants** and, together with Direct Participants, **Participants**). More information about DTC can be found at www.dtcc.com and www.dtc.org but such information is not incorporated by reference in and does not form part of this Base Prospectus.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the **DTC Rules**), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (**DTC Notes**) as described below and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (**Owners**) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC’s records. The ownership interest of each actual purchaser of each DTC Note (**Beneficial Owner**) is in turn to be recorded on the Direct Participant’s and Indirect Participant’s records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be

accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an 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 such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorised representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

A Beneficial Owner shall give notice to elect to have its DTC Notes purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Notes by causing the Direct Participant to transfer the Participant's interest in the DTC Notes, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Notes to the relevant agent's DTC account.

DTC may discontinue providing its services as depositary with respect to the DTC Notes at any time by giving reasonable notice to the Issuer or the relevant agent. Under such circumstances, in the event that a successor depositary is not obtained, DTC Note certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, DTC Note certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

BOOK-ENTRY OWNERSHIP OF AND PAYMENTS IN RESPECT OF DTC NOTES

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositories of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note 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 Registered Global Note 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 Principal 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 REGISTERED GLOBAL NOTES

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note 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 Registered Global Note 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 Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under “*Subscription and Sale and Transfer and Selling Restrictions*”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant Clearing System in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian (**Custodian**) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between 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, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Guarantor, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their direct or indirect participants or accountholders of their obligations under the rules and procedures governing their operations and nor will the Issuer, the Guarantor, any Agent or any Dealer have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

GENERAL

Prospective purchasers of Notes are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence or domicile, of a purchase of Notes, including, but not limited to, the consequences of receipt of payments under the Notes and their disposal or redemption.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (“**FATCA**”) impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a “foreign financial institution”, or “**FFI**” (as defined by FATCA)) that does not become a “**Participating FFI**” by entering into an agreement with the U.S. Internal Revenue Service (“**IRS**”) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States account” of the Issuer (a **Recalcitrant Holder**). The Issuer may be classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to “**foreign passthru payments**” (a term not yet defined) no earlier than 1 January 2019. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued after the “**grandfathering date**”, which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an “**IGA**”). Pursuant to FATCA and the “**Model 1**” and “**Model 2**” IGAs released by the United States, an FFI in an IGA signatory country could be treated as a “**Reporting FI**” not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being “**FATCA Withholding**”) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and the Netherlands have entered into an agreement (the **US-Dutch IGA**) based largely on the Model 1 IGA.

If the Issuer is treated as a Reporting FI pursuant to the US-Dutch IGA it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, the Guarantor, any paying agent and the Common Depositary, given that each of the entities in the payment chain between the Issuer and

the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

THE PROPOSED FINANCIAL TRANSACTIONS TAX (“FTT”)

On 14 February 2013, the European Commission published a proposal (the **Commission’s Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

THE NETHERLANDS

General

The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes, but does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant. For purposes of Netherlands tax law, a holder of Notes may include an individual or entity who does not have the legal title of these Notes, but to whom nevertheless the Notes or the income thereof is attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in the Notes or the income thereof. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Base Prospectus and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

- (i) holders of Notes holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Notes of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds or is deemed to hold (a) an interest of 5 per cent. or more of the total issued capital of the Issuer or of 5 per cent. or more of the issued capital of a certain class of shares of the Issuer, (b) rights to acquire, directly or indirectly, such interest or (c) certain profit sharing rights in the Issuer;
- (ii) investment institutions (*fiscale beleggingsinstellingen*);
- (iii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are not subject to or exempt from Netherlands corporate income tax;
- (iv) persons to whom the Notes and the income from the Notes are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of The Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) and The Netherlands Gift and Inheritance Tax Act 1956 (*Successiewet 1956*); and
- (v) entities which are a resident of Aruba, Curacao or Sint Maarten that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba and the Notes are attributable to such permanent establishment or permanent representative.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

Withholding Tax

All payments made by the Issuer under the Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein provided that the Notes do not in fact function as equity of the Issuer within the meaning of article 10, paragraph 1, under d of The Netherlands Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

Corporate and Individual Income Tax

Residents of the Netherlands

If a holder of Notes is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands corporate income tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Notes are attributable, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are generally taxable in the Netherlands (at up to a maximum rate of 25 per cent.).

If an individual is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands individual income tax purposes, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 52 per cent.) under the Netherlands Income Tax Act 2001, if:

- (i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Notes are attributable; or

- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which includes activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) above applies, an individual that holds the Notes must determine taxable income with regard to the Notes must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments is fixed at a rate of 4 per cent. of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a certain threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Notes will be included as an asset in the individual's yield basis. The 4 per cent. deemed return on income from savings and investments is taxed at a rate of 30 per cent.

Non-residents of the Netherlands

If a person is not a resident of the Netherlands nor is deemed to be a resident of the Netherlands for Netherlands corporate or individual income tax purposes, such person is not liable to Netherlands income tax in respect of income derived from the Notes and gains realised upon the settlement, redemption or disposal of the Notes, unless:

- (i) the person is not an individual and such person (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) is (other than by way of securities) entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.
- (ii) the person is an individual and such individual (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) realises income or gains with respect to the Notes that qualify as income from miscellaneous activities in the Netherlands, which includes activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*), or (3) is other than by way of securities entitled to a share in the profits of an enterprise which is effectively managed in the Netherlands and to which enterprise the Notes are attributable. Income derived from the Notes as specified under (1) and (2) is subject to individual income tax at progressive rates up to a maximum rate of 52 per cent. Income derived from a share in the profits of an enterprise as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on income from savings and investments (as described above under "*Residents of the Netherlands*"). The fair market value of the share in the profits of the enterprise (which includes the Notes) will be part of the individual's Netherlands yield basis.

Gift and Inheritance Tax

Netherlands gift or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder of a Note, unless:

- (i) the holder of a Note is, or is deemed to be, resident in the Netherlands for the purpose of the relevant provisions; or

- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

Value Added Tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Notes or in respect of a cash payment made under the Notes, or in respect of a transfer of Notes.

Other Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty, will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Notes.

UNITED ARAB EMIRATES

The following summary of the anticipated tax treatment in the UAE in relation to payments on the Notes and under the Guarantee is based on the taxation law in force at the date of this Base Prospectus, and does not constitute legal or tax advice. Prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change.

There is currently in force in the Emirate of 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 hydrocarbon industry, some related service industries and branches of foreign banks operating in the UAE. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Under current legislation, there is no requirement for withholding or deduction for or on account of UAE or Abu Dhabi taxation in respect of payments made by the Guarantor under the Guarantee or payments made by the Issuer under the Notes. In the event of the imposition of any such withholding, the Issuer or, as the case may be, the Guarantor has undertaken to gross-up any payments subject to certain limited exceptions.

The Constitution of the UAE specifically reserves to the UAE federal 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 UAE has entered into double taxation arrangements with certain other countries, but these are not extensive in number.

UNITED STATES FEDERAL INCOME TAXATION

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder or Non-U.S. Holder (each as defined below). This summary deals only with purchasers of Notes that acquire such Notes at initial issuance at their issue price (as defined below), will hold the Notes as capital assets, and whose functional currency is the U.S. dollar. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors. In particular, this summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as banks and other financial institutions, tax-exempt organisations, dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting, persons who have ceased to be U.S. citizens or to be taxed as U.S. lawful permanent residents, and investors that will hold the Notes as part of straddles, hedging or conversion transactions, or as part of a synthetic security for U.S. federal income tax purposes).

As used herein, the term **U.S. Holder** means a beneficial owner of Notes that is for U.S. federal income tax purposes, (i) a citizen or individual resident of the United States, (ii) a corporation, or other entity treated as a corporation, created or organised in or under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or that is otherwise treated as a United States person. The term **Non-U.S. Holder** means a beneficial owner of Notes that is not a U.S. Holder.

This summary applies only to holders of Notes. This summary does not address holders of equity interests in a U.S. Holder. If a partnership (or any other entity treated as fiscally transparent for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Any such partner or partnership should consult their tax advisers as to the U.S. federal income tax consequences to them of the acquisition, ownership and disposition of Notes.

This summary is based on the tax laws of the United States including the U.S. Internal Revenue Code of 1986 (the **Code**), its legislative history, existing and proposed regulations promulgated thereunder, published rulings and court decisions, all as currently in effect and all of which are subject to change at any time, possibly with retroactive effect.

Bearer Notes are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Code.

INVESTORS SHOULD CONSULT THEIR TAX ADVISERS TO DETERMINE THE TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF NOTES, INCLUDING THE APPLICATION TO THEIR PARTICULAR SITUATION OF THE U.S. FEDERAL INCOME TAX CONSIDERATIONS DISCUSSED BELOW, AS WELL AS THE APPLICATION OF THE ALTERNATIVE MINIMUM TAX, THE MEDICARE CONTRIBUTION TAX ON NET INVESTMENT INCOME AND STATE, LOCAL, NON-U.S. OR OTHER TAX LAWS.

The Issuer generally intends to treat Notes issued under the Programme as debt for U.S. federal income tax purposes. Certain Notes, however, such as notes with maturities in excess of 30 years, may be treated as equity for U.S. federal income tax purposes. The tax treatment of Notes to which a treatment other than debt may apply may be discussed in the applicable Final Terms. The following disclosure applies only to Notes that are treated as debt for U.S. federal income tax purposes.

U.S. Holders

Payment of Interest

General

Interest on a Note held by a U.S. Holder, whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars (**foreign currency** interest on a **Foreign Currency Note**), other than interest on a Discount Note that is not qualified stated interest (each as defined below under “*Original Issue Discount—General*”), will be taxable to such U.S. Holder as ordinary income at the time it is received or accrued, depending on the U.S. Holder’s method of accounting for tax purposes. Interest paid by the Issuer on the Notes and original issue discount (**OID**), if any, accrued with respect to the Notes (as described below under “*Original Issue Discount—General*”) generally will constitute income from sources outside the United States subject to the rules regarding the foreign tax credit allowable to a U.S. Holder (and the limitations imposed thereon). Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of any foreign taxes with respect to the Notes (if applicable).

Original Issue Discount

General

The following is a summary of the principal U.S. federal income tax consequences to a U.S. Holder of the ownership of Notes issued with OID. The following summary does not discuss Notes that are characterised as contingent payment debt instruments for U.S. federal income tax purposes.

A Note, other than a Note with a term of one year or less (a **Short-Term Note**), will be treated as issued with OID (a **Discount Note**) if the excess of the Note's stated redemption price at maturity over its issue price is equal to or more than a *de minimis* amount (0.25 per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity). Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of qualified stated interest. A qualified stated interest payment generally is any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described under "*—Variable Interest Rate Notes*"), applied to the outstanding principal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note. If a Note has *de minimis* OID, a U.S. Holder must include the *de minimis* amount in income as stated principal payments are made on the Note, unless the U.S. Holder makes the election described under "*—Election to Treat All Interest as Original Issue Discount*". A U.S. Holder can determine the includible amount with respect to each such payment by multiplying the total amount of the Note's *de minimis* OID by a fraction equal to the amount of the principal payment made divided by the stated principal amount of the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or the portion of the taxable year in which the U.S. Holder holds the Discount Note (**accrued OID**). The daily portion is determined by allocating to each day in any accrual period a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Notes as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The adjusted issue price of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant yield method described under "*—General*", with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID and unstated interest, as adjusted by any amortisable bond premium (described under "*—Notes Purchased at a Premium*"). If a U.S. Holder makes this election for the Note, then, when the constant yield method is applied, the issue price of the Note will equal its cost, the issue date of the Note will be the date of acquisition, and no payments on the Note will be treated as payments of

qualified stated interest. This election generally will apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. However, if the Note has amortisable bond premium, the U.S. Holder will be deemed to have made an election to apply amortisable bond premium against interest for all debt instruments with amortisable bond premium, other than debt instruments the interest on which is excludible from gross income, held as of the beginning of the taxable year to which the election applies or any taxable year thereafter.

Variable Interest Rate Notes

Notes that provide for interest at variable rates (**Variable Interest Rate Notes**) generally will bear interest at a qualified floating rate and thus will be treated as variable rate debt instruments under Treasury Regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a variable rate debt instrument if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount and (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate.

A qualified floating rate is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Note.

An objective rate is a rate that is not itself a qualified floating rate but one which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note's term. A qualified inverse floating rate is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a current value of that rate. A current value of a rate is the value of the rate on any day that is no earlier than

three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a variable rate debt instrument, then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a variable rate debt instrument generally will not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a true discount (i.e., at a price below the Note's stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from a true discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a variable rate debt instrument will be converted into an equivalent fixed rate debt instrument for purposes of determining the amount and accrual of OID and the qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an equivalent fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a variable rate debt instrument and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an equivalent fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an equivalent fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the equivalent fixed rate debt instrument by applying the general OID rules to the equivalent fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the equivalent fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the equivalent fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (calculated as set forth below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight line basis or, if the U.S. Holder so elects, under the constant yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently,

any gain realised on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight line basis (unless an election is made to accrue the OID under the constant yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as amortisable bond premium, in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note's yield to maturity) to that year. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "*—Election to Treat All Interest as Original Issue Discount*". A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a capital loss when the Note matures.

Purchase, Sale and Retirement of Notes

A U.S. Holder's tax basis in a Note generally will be its cost, increased by the amount of any OID included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note.

A U.S. Holder generally will recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the tax basis of the Note. Except to the extent described under "*—Original Issue Discount—Short-Term Notes*" or attributable to accrued but unpaid interest or changes in exchange rates (as discussed below), gain or loss recognised on the sale or retirement of a Note will be capital gain or loss and generally will be treated as from U.S. sources for purposes of the U.S. foreign tax credit limitation. In the case of a U.S. Holder that is an individual, estate or trust, the maximum marginal federal income tax rate applicable to capital gains is currently lower than the maximum marginal rate applicable to ordinary income if the Notes are held for more than one year. The deductibility of capital losses is subject to significant limitations.

Foreign Currency Notes

Interest

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods.

Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year). Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

OID

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above under “—Interest”. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale of the Note), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Bond Premium

Bond premium on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency.

On the date bond premium offsets interest income, a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date, and on the date the Notes were acquired by the U.S. Holder.

Purchase, Sale and Retirement of Notes

A U.S. Holder generally will recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and its tax basis in the Note. A U.S. Holder's tax basis in a Foreign Currency Note will be determined by reference to the U.S. dollar cost of the Note. The U.S. dollar cost of a Note purchased with foreign currency generally will be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

The amount realised on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (or, if less, the principal amount of the Note) (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the sale or retirement.

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the interest is received or at the time of the sale or retirement. Foreign currency that is purchased generally will have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Non-U.S. Holders

A Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any payments on the Notes and gain from the sale, redemption or other disposition of the Notes unless: (i) that payment and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business in the U.S.; (ii) in the case of any gain realised on the sale or exchange of a Note by an individual Non-U.S. Holder, that Non-U.S. Holder is present in the U.S. for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met; or (iii) the Non-U.S. Holder is subject to tax pursuant to provisions of the Code applicable to certain expatriates.

Backup Withholding and Information Reporting

In general, payments of interest and accrued OID on, and the proceeds of a sale, exchange, redemption or other disposition of, Notes, payable to a U.S. Holder by a paying agent or other intermediary may be subject to information reporting to the IRS. In addition, certain U.S. Holders may be subject to backup withholding tax in respect of such payments if they do not provide an accurate taxpayer identification number or certification of exempt status to a paying agent or other intermediary or otherwise comply with the applicable backup withholding requirements. Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS in the manner required. Certain U.S. Holders are not subject to information reporting or backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from information reporting and/or backup withholding.

Disclosure Requirements

U.S. Treasury Regulations meant to require the reporting of certain tax shelter transactions (**Reportable Transactions**) could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the U.S. Treasury Regulations, certain transactions with respect to the Notes may be characterised as Reportable Transactions including, in certain circumstances, a sale, exchange, retirement or other taxable disposition of a Foreign Currency Note. Persons considering the purchase of such Notes should consult with their tax advisers to determine the tax return obligations, if any, with respect to an investment in such Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Foreign Financial Asset Reporting

Certain U.S. Holders that own “specified foreign financial assets” that meet certain U.S. dollar value thresholds generally are required to file an information report with respect to such assets with their tax returns. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements unless the Notes are held in an account at certain financial institutions. U.S. Holders are urged to consult their tax advisors regarding the application of these disclosure requirements to their ownership of the Notes.

CERTAIN ERISA CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**), imposes requirements on employee benefit plans (as defined in Section 3(3) of ERISA) subject to ERISA and on entities, such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (all of which are hereinafter referred to as **ERISA Plans**), and on persons who are fiduciaries (as defined in Section 3(21) of ERISA) with respect to such ERISA Plans. The Code also imposes certain requirements on plans (as defined in Section 4975(e)(1) of the Code) and on other retirement plans and arrangements, including individual retirement accounts and Keogh plans (such ERISA Plans and other plans are hereinafter referred to as **Plans**). Certain employee benefit plans, including governmental plans (as defined in Section 3(32) of ERISA), if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), and non-U.S. plans (as described in Section 4(b)(4) of ERISA) are not subject to the prohibited transaction rules of ERISA or the Code but may be subject to similar rules under other applicable laws or regulations. Accordingly, assets of such plans may be invested in the Notes without regard to the prohibited transaction considerations under ERISA and the Code described below, subject to the provisions of other applicable federal, state, local or non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code (**Similar Law**).

Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification, requirements respecting delegation of investment authority and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. Each ERISA Plan fiduciary, before deciding to invest in the Notes, must be satisfied that investment in the Notes is a prudent investment for the ERISA Plan, that the investments of the ERISA Plan, including the investment in the Notes, are diversified so as to minimise the risk of large losses and that an investment in the Notes complies with the ERISA Plan and related trust documents.

Section 406 of ERISA and/or Section 4975 of the Code prohibits Plans from engaging in certain transactions with persons that are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to such Plans (collectively, **Parties in Interest**). The types of transactions between Plans and Parties in Interest that are prohibited include: (a) sales, exchanges or leases of property, (b) loans or other extensions of credit and (c) the furnishing of goods and services. Certain Parties in Interest that participate in a non-exempt prohibited transaction may be subject to an excise tax under ERISA or the Code. In addition, the persons involved in the prohibited transaction may have to rescind the transaction and pay an amount to the Plan for any losses realised by the Plan or profits realised by such persons and certain other liabilities could result that have a significant adverse effect on such persons. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may apply depending in part on the type of Plan fiduciary making the decision to acquire a Note and the circumstances under which such decision is made. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to certain transactions between a plan and a nonfiduciary service provider), Prohibited Transaction Class Exemption (**PTCE**) 95-60 (relating to investments by insurance company general accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by an in-house asset manager). There can be no assurance that any of these class exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

Any insurance company proposing to invest assets of its general account in any Notes should consider the extent to which such investment would be subject to the requirements of ERISA in light of the U.S. Supreme Court's decision in *John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank*, 510 U.S. 86 (1993). In particular, such an insurance company should consider the extent of the relief granted by the U.S. Department of Labor in PTCE 95-60, and the effect of Section 401(c) of ERISA as interpreted by the regulations issued thereunder by the U.S. Department of Labor in January 2000.

Under a “look-through rule” set forth in regulations issued by the U.S. Department of Labor at 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (**Plan Assets Regulation**), if a Plan invests in an “equity interest” of an entity that is neither a “publicly-offered security” nor a security issued by an investment company registered under the Investment Company Act, the Plan’s assets include both the equity interest and an undivided interest in each of the entity’s underlying assets, unless it is established that the entity is an “operating company” or that equity participation in the entity by “Benefit Plan Investors” (as defined below) is not “significant”. The Plan Assets Regulation defines equity participation in an entity by “Benefit Plan Investors” as “significant” if 25 per cent. or more of the value of any class of equity interest in the entity is held by “Benefit Plan Investors”. **Benefit Plan Investors** include any (i) employee benefit plan as defined in Section 3(3) of ERISA, that is subject to Title I of ERISA, (ii) plan described in Section 4975 of the Code, that is subject to Section 4975 of the Code, including without limitation, an individual retirement account or Keogh plan or (iii) entity whose underlying assets include (or are deemed to include for purposes of ERISA or the Code) assets of a plan described in (i) or (ii) by reason of an employee benefit plan or plan’s investment in such entity, including but not limited to, as applicable, an insurance company general account, an insurance company separate account or a collective investment fund.

If the assets of the Issuer were deemed to be plan assets of a Plan, the Issuer would be subject to certain fiduciary obligations under ERISA and certain transactions that the Issuer might enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under ERISA or Section 4975 of the Code and might have to be rescinded.

Notes issued by the Issuer should not be considered to be “equity interests” for purposes of the Plan Assets Regulation and will be treated as indebtedness. Nevertheless, prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any of the Notes are acquired by a Benefit Plan Investor with respect to which the Issuer is a Party in Interest. Accordingly, each purchaser and subsequent transferee of any Note (or any interest therein) will be deemed by such purchase or acquisition of any Note (or any interest therein) to have represented and warranted, on each day from the date on which the purchaser or transferee acquires the Note (or any interest therein) through and including the date on which the purchaser or transferee disposes of such Note (or any interest therein), that, unless otherwise provided in the applicable Final Terms, either (i) it is not, is not using the assets of, and shall not at any time hold such Note (or any interest therein) for or on behalf of, a Benefit Plan Investor or a governmental, church or non-US plan subject to Similar Law or (ii) its acquisition, holding and disposition of such Note (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of a governmental, church or non-US plan, a violation of any applicable Similar Law. Any purported purchase or transfer of such a Note (or any interest therein) that does not comply with the foregoing shall be null and void.

Any Plan fiduciary that proposes to cause a Plan to purchase any Notes or any interest therein, should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and confirm that such investment will not constitute or result in a prohibited transaction or any other violation of an applicable requirement of ERISA or the Code. Similarly, fiduciaries of any governmental, church or non-U.S. plans should consult with their counsel before purchasing any Notes or any interest therein.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in an amended and restated programme agreement (the **Programme Agreement**) dated 29 April 2016, agreed with the Issuer and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Issuer (failing which, the Guarantor) has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Under United Kingdom laws and regulations stabilising activities may only be carried on by the Dealer or Dealers acting as the stabilisation manager(s) (or persons acting on behalf of any stabilisation manager(s)) and only for a limited period following the Issue Date of the relevant Tranche of Notes.

With regard to each Tranche of Exempt Notes which are the subject of a Pricing Supplement, the relevant Dealer will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement.

TRANSFER RESTRICTIONS

As a result of the following restrictions, purchasers of Notes in the United States or who are U.S. persons are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

The Notes and the Guarantee have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. In addition, the Issuer is relying on the exemption from the registration requirements of the Investment Company Act provided by Section 3(c)(7). Accordingly, the Notes are being offered and sold: (i) in the United States only to persons reasonably believed to be QIBs that are also QPs in reliance on Rule 144A of the Securities Act; or (ii) to non U.S. persons in an offshore transaction in reliance on Regulation S.

Any reoffer, resale, pledge, transfer or other disposal, or attempted reoffer, resale, pledge, transfer or other disposal, made other than in compliance with the restrictions noted below shall not be recognised by the Issuer.

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note 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 Registered Global Note to another or from global to definitive form or *vice versa*, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Registered Global

Note with a view to holding it in the form of an interest in the same Global Note will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) that either: (a) it is a QIB that is also a QP, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs that are also QPs and it is aware that any sale to it is being made in reliance on Rule 144A or (b) it is an Institutional Accredited Investor which has delivered an IAI Investment Letter that is also a QP or (c) it is outside the United States and is not a U.S. person;
- (ii) that it is not a broker-dealer which owns and invests on a discretionary basis less than U.S.\$25,000,000 in securities of unaffiliated issuers;
- (iii) that it is not formed for the purpose of investing in the Issuer;
- (iv) that it, and each account for which it is purchasing, will hold and transfer at last the minimum denomination of the Notes;
- (v) that it understands that the Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositories;
- (vi) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes and the Guarantee have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws and neither the Issuer nor the Guarantor has registered or intends to register as an investment company under the Investment Company Act and, accordingly, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (vii) that, unless it holds an interest in a Regulation S Global Note 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 expiration of the applicable required holding period determined pursuant to Rule 144 of the Securities Act from the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (a) to the Issuer or any affiliate thereof, (b) inside the United States to a person whom the seller reasonably believes is a QIB that is also a QP purchasing for its own account or for the account of a QIB that is also a QP in a transaction meeting the requirements of Rule 144A, or to an institutional accredited investor (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that is also a QP in a private placement exempt from the registration requirements under the Securities Act, (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 any other available exemption from the registration requirement of the Securities Act 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;
- (viii) it will, and will require each subsequent holder to, notify any purchaser or transferee, as applicable, of the Notes from it of the resale and transfer restrictions referred to in paragraph (vii) above, if then applicable;
- (ix) that Notes initially offered in the United States to QIBs that are also QPs will be represented by one or more Rule 144A Global Notes, that Notes offered to Institutional Accredited Investors that are also QPs will be in the form of Definitive IAI Registered Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;
- (x) that it understands that the Issuer has the power to compel any beneficial owner of Notes represented by a Rule 144A Global Note that is a U.S. person and is not a QIB and a QP to sell its interest in such Notes, or may sell such interest on behalf of such owner. The Issuer has the right to refuse to honour the transfer of an interest in any Rule 144A Global Note to a U.S. person who is not a QIB and a QP. Any purported transfer of an interest in a Rule 144A Global Note to a purchaser that does not comply with the requirements of the transfer restrictions herein will be of no force and effect and will be void;
- (xi) that it understands that the Issuer has the power to compel any beneficial owner of Definitive IAI Notes that is a U.S. person and is not an Institutional Accredited Investor and a QP to sell its interest in such

Notes, or may sell such interest on behalf of such owner. The Issuer has the right to refuse to honour the transfer of a Definitive IAI Note to a U.S. person who is not an Institutional Accredited Investor and a QP. Any purported transfer of a Definitive IAI Note to a purchaser that does not comply with the requirements of the transfer restrictions herein will be of no force and effect and will be void;

- (xii) except as otherwise provided in a supplement to the Base Prospectus, either: (i) no assets of a Benefit Plan Investor, or non-U.S. plan, governmental or church plan that are subject to Similar Law have been used to acquire such Notes or an interest therein; or (ii) the acquisition, holding and subsequent disposition of such Notes or an interest therein by such person will not constitute or result in a non-exempt prohibited transaction under ERISA or the Code or violation of Similar Law. Any purported purchase or transfer of such an interest that does not comply with the foregoing shall be null and void;
- (xiii) to the extent Benefit Plan Investors or Similar Law plans are prohibited from purchasing a Note or any interest therein under a supplement to the Base Prospectus, it is not, and for so long as it holds such Note or interest therein, it will not be, a Benefit Plan Investor or a governmental, church or non-U.S. plan that is subject to Similar Law. Any purported purchase or transfer that does not comply with the foregoing shall be null and void;
- (xiv) that the Notes in registered form, other than the Regulation S Global 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 ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND NEITHER THE ISSUER NOR THE GUARANTOR HAS REGISTERED OR INTENDS TO REGISTER AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “INVESTMENT COMPANY ACT”), AND, ACCORDINGLY, THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT (1) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (“QIB”) THAT IS ALSO A QUALIFIED PURCHASER WITHIN THE MEANING OF SECTION 2(a)(51)(A) OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED, AND THE RULES AND REGULATIONS THEREUNDER (a “QP”), PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBs THAT ARE QPs IN A MINIMUM PRINCIPAL AMOUNT OF U.S.\$200,000 (OR THE EQUIVALENT AMOUNT IN A FOREIGN CURRENCY) OR (2) IT IS AN INSTITUTIONAL “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN “INSTITUTIONAL ACCREDITED INVESTOR”) THAT IS ALSO A QP IN A MINIMUM PRINCIPAL AMOUNT OF U.S.\$500,000 (OR THE EQUIVALENT AMOUNT IN A FOREIGN CURRENCY) THAT IS NOT, IN EACH CASE, (i) A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS, (ii) FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER AND (iii) A PLAN OR TRUST FUND REFERRED TO IN PARAGRAPH (a)(1)(i)(D), (E) OR (F) OF RULE 144A IF INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE BY THE BENEFICIARIES OF THE PLAN; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO EXPIRATION OF THE APPLICABLE REQUIRED HOLDING PERIOD DETERMINED PURSUANT TO RULE 144 OF THE SECURITIES ACT FROM THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS (i) A QIB WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT THAT IS ALSO A QP PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER THAT IS ALSO A QP IN A

TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR (ii) AN INSTITUTIONAL ACCREDITED INVESTOR THAT IS ALSO A QP PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF AN INSTITUTIONAL ACCREDITED INVESTOR THAT IS ALSO A QP, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENT OF THE SECURITIES ACT 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 144 FOR RESALES OF THE SECURITY.

ANY RESALE OR OTHER TRANSFER OF THIS SECURITY (OR BENEFICIAL INTEREST HEREIN) WHICH IS NOT MADE IN COMPLIANCE WITH THE RESTRICTIONS SET FORTH HEREIN WILL BE OF NO FORCE AND EFFECT, WILL BE NULL AND VOID AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER OR ANY OF ITS AGENTS. IN ADDITION TO THE FOREGOING, IN THE EVENT OF A TRANSFER OF THIS SECURITY (OR BENEFICIAL INTEREST HEREIN) TO A U.S. PERSON WITHIN THE MEANING OF REGULATION S THAT IS NOT A QIB AND A QP OR AN INSTITUTIONAL ACCREDITED INVESTOR AND A QP, THE ISSUER MAY (A) COMPEL SUCH TRANSFEREE TO SELL THIS SECURITY OR ITS INTEREST HEREIN TO A PERSON WHO (I) IS A U.S. PERSON WHO IS A QIB AND A QP OR AN INSTITUTIONAL ACCREDITED INVESTOR AND A QP THAT IS, IN EACH CASE, OTHERWISE QUALIFIED TO PURCHASE THIS SECURITY OR INTEREST HEREIN IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR (II) IS NOT A U.S. PERSON WITHIN THE MEANING OF REGULATION S IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S OR (B) COMPEL SUCH TRANSFEREE TO SELL THIS SECURITY OR ITS INTEREST HEREIN TO A PERSON DESIGNATED BY OR ACCEPTABLE TO THE ISSUER AT A PRICE EQUAL TO THE LESSER OF (X) THE PURCHASE PRICE THEREFOR PAID BY THE ORIGINAL TRANSFEREE, (Y) 100 PER CENT. OF THE PRINCIPAL AMOUNT THEREOF OR (Z) THE FAIR MARKET VALUE THEREOF. THE ISSUER HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF THIS SECURITY OR INTEREST HEREIN TO A U.S. PERSON WHO IS NOT A QIB AND A QP OR AN INSTITUTIONAL ACCREDITED INVESTOR AND A QP. EACH TRANSFEROR OF THIS SECURITY WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE AGENCY AGREEMENT TO ITS TRANSFEREE. NEITHER THE ISSUER NOR THE GUARANTOR HAS REGISTERED AND NEITHER INTENDS TO REGISTER UNDER THE INVESTMENT COMPANY ACT.

EACH PURCHASER OF THIS SECURITY (OR ANY INTEREST HEREIN) AGREES THAT IT WILL BE DEEMED BY SUCH PURCHASE OF THIS SECURITY (OR ANY INTEREST HEREIN) TO HAVE REPRESENTED AND WARRANTED, ON EACH DAY FROM THE DATE ON WHICH THE PURCHASER ACQUIRES THIS SECURITY (OR ANY INTEREST HEREIN) THROUGH AND INCLUDING THE DATE ON WHICH THE PURCHASER DISPOSES OF THIS SECURITY (OR ANY INTEREST HEREIN), THAT, UNLESS OTHERWISE PROVIDED IN A SUPPLEMENT TO THE BASE PROSPECTUS, EITHER (I) IT IS NOT, IS NOT USING THE ASSETS OF, AND SHALL NOT AT ANY TIME HOLD THIS SECURITY (OR ANY INTEREST HEREIN) FOR OR ON BEHALF OF, AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF ERISA, THAT IS SUBJECT TO TITLE I OF ERISA, A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE CODE, AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE OR ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE PLAN ASSETS BY REASON OF AN

EMPLOYEE BENEFIT PLAN OR PLAN'S INVESTMENT IN SUCH ENTITY OR A GOVERNMENTAL, CHURCH OR NON-US PLAN SUBJECT TO FEDERAL, STATE, LOCAL OR NON-US LAWS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW") OR (II) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS SECURITY (OR ANY INTEREST HEREIN), WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-US PLAN, A VIOLATION OF ANY APPLICABLE SIMILAR LAWS. ANY PURPORTED PURCHASE OR TRANSFER OF THIS SECURITY (OR ANY INTEREST HEREIN) THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID.

THE ISSUER MAY COMPEL EACH BENEFICIAL HOLDER HEREOF TO CERTIFY PERIODICALLY THAT SUCH OWNER IS A QIB AND A QP OR AN INSTITUTIONAL ACCREDITED INVESTOR AND A QP.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).";

- (xv) that the Notes in registered form which are registered in the name of a nominee of DTC will bear an additional legend to the following effect unless otherwise agreed to by the Issuer:

"UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION, ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY REGISTERED NOTE ISSUED IN EXCHANGE FOR THIS GLOBAL NOTE OR ANY PORTION HEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORISED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL SECURITY MAY NOT BE EXCHANGED, IN WHOLE OR IN PART, FOR A SECURITY REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY TRUST COMPANY OR A NOMINEE THEREOF EXCEPT IN THE LIMITED CIRCUMSTANCES SET FORTH IN THIS GLOBAL SECURITY, AND MAY NOT BE TRANSFERRED, IN WHOLE OR IN PART, EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THIS LEGEND. BENEFICIAL INTERESTS IN THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH THIS LEGEND.";

- (xvi) 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 40 days after the completion

of the distribution of all Notes of the Tranche, as determined and certified by the relevant Dealer or lead manager), it will do so only (a)(i) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (ii) to a QIB that is also a QP in compliance with Rule 144A and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM 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.”; and

- (xvii) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Institutional Accredited Investors that are also QPs who purchase Registered Notes in definitive form offered and sold in the United States in reliance upon the exemption from registration provided by the Securities Act are required to execute and deliver to the Registrar an IAI Investment Letter. Upon execution and delivery of an IAI Investment Letter by an Institutional Accredited Investor, Notes will be issued in definitive registered form, see “*Form of the Notes*”.

The IAI Investment Letter will state, among other things, the following:

- (i) that the Institutional Accredited Investor has received a copy of the Base Prospectus and such other information as it deems necessary in order to make its investment decision;
- (ii) that the Institutional Accredited Investor understands that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth in the Base Prospectus and the Notes (including those set out above) and that it agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes except in compliance with, such restrictions and conditions and the Securities Act;
- (iii) that, in the normal course of its business, the Institutional Accredited Investor invests in or purchases securities similar to the Notes;
- (iv) that the Institutional Accredited Investor is an Institutional Accredited Investor within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act that is also a qualified purchaser within the meaning of Section 2(a)(51)(A) of the Investment Company Act and the rules and regulations thereunder and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Notes, and it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts’ investment for an indefinite period of time;
- (v) that the Institutional Accredited Investor is acquiring the Notes purchased by it for its own account or for one or more accounts (each of which is an Institutional Accredited Investor that is also a QP) as to each of which it exercises sole investment discretion and not with a view to any distribution of the Notes, subject,

nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control; and

- (vi) that, in the event that the Institutional Accredited Investor purchases Notes, it will acquire Notes having a minimum purchase price of at least U.S.\$500,000 (or the approximate equivalent in another Specified Currency).

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.\$200,000 (or its foreign currency equivalent) principal amount or, in the case of sales to Institutional Accredited Investors that are also QPs, U.S.\$500,000 (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.\$200,000 (or its foreign currency equivalent) or, in the case of sales to Institutional Accredited Investors that are also QPs, U.S.\$500,000 (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 or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to the registration requirements of the Securities Act.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S (**Regulation S Notes**), each Dealer has represented, warranted, undertaken and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant, undertake and agree, that it will not offer, sell or deliver such Regulation S Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Regulation S Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the two preceding paragraphs have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented, warranted, undertaken and agreed that it has offered and sold and will offer and sell the Notes in the United States only to persons whom it reasonably believes are QIBs and QPs who can represent that: (a) they are QIBs who are QPs within the meaning of Rule 144A; (b) they are not broker dealers who own and invest on a discretionary basis less than U.S.\$25 million in securities of unaffiliated issuers; (c) they are not a participant directed employee plan, such as a 401(k) plan; (d) they are acting for their own account, or the account of one or more QIBs each of which is a QP; (e) they are not formed for the purpose of investing in the Issuer; (f) each account for which they are purchasing will hold and transfer at least U.S.\$200,000 in face amount of Notes at any time; (g) they understand that the Issuer may receive a list of participants holding positions in its securities from one or more book entry depositories; and (h) they will provide notice of the transfer restrictions set forth in the Base Prospectus to any subsequent transferees.

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 Code and regulations promulgated thereunder.

In respect of Bearer Notes where TEFRA D is specified in the applicable Final Terms each Dealer will be required to represent, undertake and agree (and each additional Dealer appointed under the Programme will be required to represent, undertake and agree) that:

- (a) except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (or any substantially identical successor United States Treasury regulation section, including without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010)) (the **D Rules**), (i) 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 (ii) that it has not delivered and it will not deliver within the United States or its possessions Definitive Bearer Notes that are sold during the restricted period;
- (b) it has and throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, it is acquiring Bearer Notes for purposes of resale in connection with their original issuance and if it retains Bearer Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6) (or any substantially identical successor United States Treasury regulation section, including without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010);
- (d) with respect to each affiliate that acquires Bearer Notes from a Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer repeats and confirms the representations and agreements contained in subparagraphs (a), (b) and (c) on such affiliate's behalf; and
- (e) it will obtain from any distributor (within the meaning of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(4)(ii) (or any substantially identical successor United States Treasury regulation section, including without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010)) that purchases any Bearer Notes from it pursuant to a written contract with such Dealer (except a distributor that is one of its affiliates or is another Dealer), for the benefit of the Issuer and each other Dealer, the representations contained in, and such distributor's agreement to comply with, the provisions of subparagraphs (a), (b), (c) and (d) of this paragraph insofar as they relate to the D Rules, as if such distributor were a Dealer hereunder.

Terms used in this paragraph have the meanings given to them by the Code and Treasury regulations thereunder, including the D Rules.

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 arrange for the resale of Notes to QIBs that are also QPs 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 that is also a QP pursuant to Rule 144A is U.S.\$200,000 (or the approximate equivalent thereof in any other currency). To the extent that the Issuer is not subject to or does

not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Unless otherwise stated in the applicable Final Terms, the minimum denomination of each Definitive IAI Registered Note will be U.S.\$500,000 or its approximate equivalent in other Specified Currencies.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to above shall require the Issuer, the Guarantor 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 (as amended including by Directive 2010/73/EU), and includes any relevant implementing measure in the 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:

- (i) in relation to any Notes which have a maturity of less than one year: (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their

businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

The Netherlands

Each Dealer that does not have the requisite Dutch regulatory capacity to make offers or sales of financial instruments in the Netherlands will represent and agree that it has not offered or sold or will not offer or sell, respectively, any of the Notes in the Netherlands, other than through one or more investment firms acting as principals and having the Dutch regulatory capacity to make such offers or sales.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that Zero Coupon Notes (as defined below) in definitive form may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member firm of Euronext Amsterdam N.V. in full compliance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Zero Coupon Instrument in global form or (b) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof or (c) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (d) in respect of the transfer and acceptance of such Zero Coupon Notes within, from or into the Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Instrument in global form) of any particular Series are issued outside the Netherlands and are not distributed into the Netherlands in the course of initial distribution or immediately thereafter. As used herein **Zero Coupon Notes** are Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly offer or sell any Notes, 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 Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any 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.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

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 any person in the Dubai International Financial Centre unless such offer is:

- (a) an “**Exempt Offer**” in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the **DFSA**) rulebook; and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook.

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a **Saudi Investor**) who acquires any Notes pursuant to an offering should note that the offer of Notes is a private placement under Article 10 or Article 11 of the **Offers of Securities Regulations** as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the **KSA Regulations**) for the purposes of Article 9 of the KSA Regulations, through a person authorised by the Capital Market Authority (**CMA**) to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations.

The Notes may not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to “sophisticated investors” under Article 10 of the KSA Regulations or by way of a limited offer under Article 11 of the KSA Regulations. Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Notes to a Saudi Investor will be made in compliance with the KSA Regulations.

Investors are informed that Article 17 of the KSA Regulations places restrictions on secondary market activity with respect to the Notes, including as follows:

- (i) a Saudi Investor (referred to as a **transferor**) who has acquired Notes pursuant to a private placement may not offer or sell Notes to any person (referred to as a **transferee**) unless the offer or sale is made through an authorised person where one of the following requirements is met:
 - (a) the price to be paid for the Notes in any one transaction is equal to or exceeds Saudi Riyals one million or an equivalent amount;
 - (b) the Notes are offered or sold to a sophisticated investor; or
 - (c) the Notes are being offered or sold in such other circumstances as the CMA may prescribe for these purposes;
- (ii) if the requirement of paragraph (i)(a) above cannot be fulfilled because the price of the Notes being offered or sold to the transferee has declined since the date of the original private placement, the transferor may offer or sell the Notes to the transferee if their purchase price during the period of the original private placement was equal to or exceeded Saudi Riyals 1 million or an equivalent amount;
- (iii) if the requirement in paragraph (ii) above cannot be fulfilled, the transferor may offer or sell Notes if he/she sells his entire holding of Notes to one transferee; and
- (iv) the provisions of paragraphs (i), (ii) and (iii) above shall apply to all subsequent transferees of the Notes.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Notes except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an **accredited investor** means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more;
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Qatar

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, delivered or sold, and will not offer, deliver or sell, at any time, directly or indirectly, any Notes in Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations 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 Qatar.

Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore, and the Notes will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**). Accordingly each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and that it will not offer or sell any Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, nor will it circulate or distribute this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of the Notes, whether directly or indirectly, to any person in Singapore other than: (a) to an institutional investor pursuant to Section 274 of the SFA; (b) to a relevant person, or any person pursuant to Section 275(1) of the SFA or to 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.

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

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes pursuant to an offer under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law; or
- (iv) pursuant to Section 276(7) of the SFA or Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

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 persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) 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 (iii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up Miscellaneous Provisions) 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.

General

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will, to the best of its knowledge and belief, comply with all applicable securities laws, regulations and directives in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Guarantor nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Guarantor and 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.

GENERAL INFORMATION

AUTHORISATION

The establishment of the Programme and the issue of Notes have been duly authorised by resolutions of the Board of Directors of the Issuer dated 21 April 2009 and the giving of the Guarantee was duly authorised by a resolution of the Board of Directors of the Guarantor dated 8 April 2009.

LISTING OF NOTES

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued, subject only to the issue of one or more Global Notes initially representing the Notes of such Tranche. Application has been made to the UK 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 London Stock Exchange's regulated market. The listing of the Programme in respect of Notes is expected to be granted on or before 5 May 2016. Exempt Notes may also be issued pursuant to the Programme.

DOCUMENTS AVAILABLE

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:

- (i) the Deed of Incorporation and Articles of Association (with an English translation thereof) of the Issuer and the Memorandum and Articles of Association (with an English translation thereof) of the Guarantor;
- (ii) the audited financial statements of the Issuer in respect of the financial years ended 31 December 2014 and 2015, together with the audit reports prepared in connection therewith. The Issuer currently prepares audited consolidated accounts on an annual basis;
- (iii) the consolidated audited financial statements of the Guarantor in respect of the financial years ended 31 December 2014 and 2015, together with the audit reports prepared in connection therewith. The Guarantor currently prepares audited consolidated accounts on an annual basis;
- (iv) the most recently published audited annual financial statements of the Issuer and the Guarantor and the most recently published unaudited consolidated interim financial statements (if any) of the Guarantor, in each case together with any audit or review reports prepared in connection therewith. The Guarantor currently prepares unaudited consolidated interim accounts for the first six months of each year. The Issuer is not required to, and does not intend to, publish any interim financial statements;
- (v) the Agency Agreement, the Guarantee, the Deed of Covenant, the Deed Poll and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (vi) a copy of this Base Prospectus;
- (vii) any future offering circulars, prospectuses, information memoranda, supplements, Final Terms and Pricing Supplements (in the case of Exempt Notes) (save that Pricing Supplements will only be available for inspection by a holder of such Exempt Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of such Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference; and

(viii) in the case of each issue of Notes admitted to trading on the London Stock Exchange's regulated market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

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 (or, in the case of Exempt Notes, the applicable Pricing Supplement). 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. 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 (or in the case of Exempt Notes, the applicable Pricing Supplement). If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms or Pricing Supplement.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. The address of Clearstream, Luxembourg is Clearstream Banking, S.A., 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 and each relevant Dealer 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 of the Issuer, the Guarantor or the Group since 31 December 2015.

There has been no material adverse change in the prospects of the Issuer, the Guarantor or the Group since 31 December 2015.

LITIGATION

Neither the Issuer nor the Guarantor 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 the Guarantor are aware) in the 12 months preceding the date of this document which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Issuer, the Guarantor or the Group.

AUDITORS

The auditors of the Issuer are Deloitte Accountants B.V., Gustav Mahlerlaan 2970, 1081 LA Amsterdam, The Netherlands, chartered accountants, who audited the Issuer's accounts without qualification for the financial years ended 31 December 2014 and 31 December 2015, in accordance with IFRS. The auditors of the Issuer have no material interest in the Issuer.

The auditors of the Guarantor are Deloitte & Touche (M.E.), chartered accountants, who audited the Guarantor's consolidated financial statements, without qualification, in accordance with IFRS for the financial years ended 31 December 2014 and 31 December 2015. The auditors of the Guarantor have no material interest in the Guarantor.

DEALERS TRANACTING WITH THE ISSUER AND THE GUARANTOR

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, the Guarantor and their affiliates in the ordinary course of business for which they may receive fees. They have received, or may in the future receive, customary fees and commission for these transactions. In particular, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor and their affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer, the Guarantor and their affiliates routinely hedge their credit exposure to the Issuer, the Guarantor and their affiliates consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

CERTAIN ADDITIONAL INFORMATION RELATING TO THE COMPANY

The Company has been incorporated for a term of 50 years expiring in October 2052, which term shall be renewed automatically unless the Company is dissolved in accordance with its Articles of Association (the **Articles**). The Articles provide that the Company shall be dissolved:

- unless renewed upon the expiry of its 50-year term;
- upon fulfilment of the objectives for which it was created; or
- upon the issuance of an Emiri decree terminating the Company or merging the Company with another company.

The Company was registered under UAE Commercial Companies Law No. 8 of 1984 (the **Commercial Companies Law**) and has the benefit of Federal Law No. 15 of 1998 which enabled the Company to be exempted from certain provisions of the Commercial Companies Law.

The Company is the parent company in respect of a large number of subsidiaries and associated companies, details of which are set out in notes 5 and 17 to the 2015 Financial Statements. The Company also participates in a number of joint ventures details of which are set out in notes 16 and 17 to the 2015 Financial Statements.

The Company's address and telephone number are PO Box 45005, Abu Dhabi, UAE and +971 2 413 0000, respectively.

ISSUER

MDC – GMTN B.V.
Schiphol Boulevard 231
1118 BH Amsterdam Schiphol
The Netherlands

GUARANTOR

Mubadala Development Company PJSC
PO Box 45005
Abu Dhabi
United Arab Emirates

**PRINCIPAL PAYING, TRANSFER
AND EXCHANGE AGENT**

Citibank, N.A.
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

**REGISTRAR, PAYING AND
TRANSFER AGENT**

**Citigroup Global Markets
Deutschland AG**
Reuterweg 16
60323 Frankfurt
Germany

LEGAL ADVISERS

To the Issuer as to Dutch law

Allen & Overy LLP
Apollolaan 15
1077 AB Amsterdam
The Netherlands

To the Guarantor as to

English and UAE law
Allen & Overy LLP
11th Floor, Burj Daman Building
Al Sa'ada Street
Dubai International Financial Centre
P.O. Box 506678
Dubai
United Arab Emirates

United States law
Allen & Overy LLP
52, avenue Hoche
75379 Paris
Cedex 08 France

English and UAE law
Clifford Chance LLP
9th Floor
Al Sila Tower
Abu Dhabi Global Market Square
PO Box 26492
Abu Dhabi
United Arab Emirates

*To the Dealers as to
United States law*
Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
United Kingdom

Dutch law
Clifford Chance LLP
Droogbak 1a
1013 GE Amsterdam
The Netherlands

AUDITORS

To the Guarantor

Deloitte & Touche (M.E.)

Al Sila Tower
Abu Dhabi Global Market
Square
PO Box 990
Abu Dhabi
United Arab Emirates

To the Issuer

Deloitte Accountants B.V.

Gustav Mahlerlaan 2970
1081 LA Amsterdam
The Netherlands

DEALERS

BNP Paribas

10 Harewood Avenue
London NW1 6AA
United Kingdom

Crédit Agricole Corporate and Investment Bank

Broadwalk House
5 Appold Street
London EC2A 2DA
United Kingdom

First Gulf Bank P.J.S.C.

P.O Box 2960
Abu Dhabi
United Arab Emirates

Goldman Sachs International

Peterborough Court
133 Fleet Street
London EC4A 2BB
United Kingdom

J.P. Morgan Securities plc

25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Merrill Lynch International

2 King Edward Street
London EC1A 1HQ
United Kingdom

Mitsubishi UFJ Securities International plc

Ropemaker Place
25 Ropemaker Street
London EC2Y 9AJ
United Kingdom

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

One NBAD Tower
Sheikh Khalifa Street
PO Box 4
Abu Dhabi
United Arab Emirates

Société Générale

29, boulevard Haussmann
75009 Paris
France