

KUWAIT PROJECTS CO SPC LIMITED

(incorporated as a special purpose company with limited liability in the Dubai International Financial Centre)
Guaranteed by

KUWAIT PROJECTS COMPANY (HOLDING) K.S.C.P.

(incorporated with limited liability in the State of Kuwait)

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

Euro Medium Term Note Programme

Under this U.S.\$3,000,000,000 Euro Medium Term Note Programme (the "**Programme**"), Kuwait Projects Co SPC Limited (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 Kuwait Projects Company (Holding) K.S.C.P. ("**KIPCO**", the "**Company**" or the "**Guarantor**"). As at the date of this Base Prospectus, Kuwait Projects Co. (Cayman), which was previously the issuer of Notes under the Programme, has been substituted by the Issuer as the issuer of Notes under the Programme.

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

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Subscription and Sale*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "relevant Dealer" 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 such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of the principal risk factors that may affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes, see "Risk Factors" beginning on page 7.

Application has been made to the United Kingdom Financial Conduct Authority in its capacity as competent authority under Part VI of the Financial Services and Markets Act 2000 (the "**FSMA**") (the "**FCA**") for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the FCA (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading on the London Stock Exchange's regulated market (the "**Regulated Market**"). References in this Base Prospectus to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to trading on the Regulated Market and have been admitted to the Official List. The Regulated Market is a regulated market for the purpose of Directive 2014/65/EU (as amended, "**MIFID II**").

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

The Programme has been assigned ratings of BBB- by S&P Global Ratings Europe Limited, UAE Branch ("**Standard & Poor's**") and Baa3 by Moody's Deutschland GmbH ("**Moody's**"). The Guarantor has been assigned ratings of BBB-/A-3 by Standard & Poor's with a Negative outlook and Baa3/P-3 by Moody's with a Stable outlook. Each of Standard & Poor's and Moody's is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**").

The rating of certain Tranches (as defined herein) of Notes to be issued under the Programme and the credit rating agency issuing such rating may be specified in the relevant Final Terms. 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.

Arranger

HSBC

Dealers

Emirates NBD Capital
HSBC
KAMCO Investment Company K.S.C.P.

First Abu Dhabi Bank PJSC
J.P. Morgan
MUFG

The date of this Base Prospectus is 23 May 2019

CONTENTS

	Page
IMPORTANT NOTICES	1
RISK FACTORS	7
OVERVIEW OF THE PROGRAMME	28
DOCUMENTS INCORPORATED BY REFERENCE	33
FINAL TERMS AND DRAWDOWN PROSPECTUSES	35
FORMS OF THE NOTES	36
TERMS AND CONDITIONS OF THE NOTES	40
FORM OF FINAL TERMS	71
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM	80
USE OF PROCEEDS	84
DESCRIPTION OF THE ISSUER.....	85
DESCRIPTION OF THE GUARANTOR	87
MANAGEMENT	117
SUMMARY OF ALTERNATIVE PERFORMANCE MEASURES	121
TAXATION.....	123
SUBSCRIPTION AND SALE	127
GENERAL INFORMATION.....	132

IMPORTANT NOTICES

This Base Prospectus comprises a base prospectus 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 or superseded and includes any relevant implementing measure in a relevant Member State) and for the purpose of giving information with regard to the Issuer, the Guarantor and the Notes which, according to the particular nature of the Issuer, the Guarantor and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Guarantor.

The Issuer and the Guarantor accept responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. The Issuer and the Guarantor declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Where information has been sourced from a third party, the Issuer and the Guarantor confirm that such information has been accurately reproduced and that, so far as they are aware and are able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of any third party information contained in this Base Prospectus is stated where such information appears in this Base Prospectus.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as supplemented by a document specific to such Tranche called the final terms (the "**Final Terms**") or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "*Final Terms and Drawdown Prospectuses*" below. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise. This Base Prospectus must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms.

Tranches (as defined herein) of Notes may be rated or unrated. Such rating will be specified in the relevant Final Terms. A 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. Please also refer to "*Risks related to the market generally – Credit ratings may not reflect all risks*" in the Risk Factors section of the Base Prospectus.

Subject as provided in the applicable Final Terms or Drawdown Prospectus, the only person authorised to use this Base Prospectus in connection with an offer of Notes is the person named in the Final Terms or Drawdown Prospectus as the relevant Dealer or Manager, as the case may be.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or the Guarantor and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor or any Dealer.

No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and neither the Dealers nor any of their respective affiliates makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus or any responsibility for any acts or omissions of the Issuer, the Guarantor or any other person (other than the relevant Dealer) in connection with the Base Prospectus or the issue and offering of Notes. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or the Guarantor since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or

supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. The Issuer, the Guarantor, the Dealers and the Trustee 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, the Dealers or the Trustee which is intended to permit a public offering of any Notes outside the UK 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 Final Terms comes are required by the Issuer, the Guarantor and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States of America, the European Economic Area, the United Kingdom, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Bahrain, the State of Kuwait, the Kingdom of Saudi Arabia, the People's Republic of China, Hong Kong and Singapore, see "*Subscription and Sale*". Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and Notes in bearer form are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (as defined in Regulations S under the Securities Act ("**Regulation S**")).

MIFID II PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Guarantor, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for

or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Guarantor.

The maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme will not exceed U.S.\$3,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into U.S. dollars at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes which may be outstanding and guaranteed at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "*Subscription and Sale*".

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 should consider, either on its own or with the help of its financial and other professional advisers, whether it:

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

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall investment portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of 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.

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 advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

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

The Dealers will not regard any actual or prospective holders of Notes (whether or not a recipient of this Base Prospectus and/or the relevant Final Terms) as their client in relation to the offering described in this Base Prospectus and/or the relevant Final Terms and will not be responsible to anyone other than the

Issuer for providing the protections afforded to its clients nor for providing the services in relation to the offering described in this Base Prospectus and/or the relevant Final Terms or any transaction or arrangement referred to herein or therein.

**NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT
(CHAPTER 289) OF SINGAPORE**

Unless otherwise stated in the Final Terms in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

NOTICE TO 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 Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "Capital Market Authority").

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Base 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 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 account holders and accredited investors as defined by the Central Bank of Bahrain ("CBB") in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.\$100,000 or the equivalent amount in any other currency or such other amount as the CBB may determine.

This Base 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 Notes, 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.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Defined Terms and Conventions

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

The language of the Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law. Where this Base Prospectus includes information that has been translated from Chinese to English, the English translation included herein constitute direct and accurate translations of the Chinese originals. In the event of any discrepancy between the Chinese originals and the English translations, the Chinese originals prevail.

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**U.S.\$**", "**U.S. dollars**" or "**dollars**" are to United States dollars, references to "**EUR**" or "**euro**" are to the single currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended, references to "**KD**" are to Kuwaiti dinars, references to "**Turkish Lira**" or "**TRY**" are to the lawful currency of Turkey, and references to "**Renminbi**" and "**CNY**" are to the lawful currency of the People's Republic of China (the "**PRC**" or "**China**"), excluding, for the purposes of this Base Prospectus, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.

Translations of amounts from Kuwaiti dinars to U.S. dollars are solely for the convenience of the reader. No representation is made that the Kuwaiti dinar or U.S. dollar amounts referred to herein could have been converted into U.S. dollars or Kuwaiti dinars, as the case may be, at any particular exchange rate or at all.

FORWARD-LOOKING STATEMENTS

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

- the Guarantor's ability to receive distributions and other revenue flows from its investments (including its subsidiaries);
- the Guarantor's ability to obtain and maintain sufficient capital to fund its current and future investments and financial obligations, including the Guarantor's ability to obtain external financing;
- the Guarantor's ability to manage the growth of the Group successfully;
- changes in political, social, legal or economic conditions in the markets that affect the Group and the value of the Group's investments;
- the political and economic conditions in the State of Kuwait and the Middle East and North Africa ("**MENA**") region; and
- changes in the competitive environment in which the Group operate.

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 made by or on behalf of the Issuer or the Guarantor speak only as at the date they are made. Neither the Issuer nor the Guarantor undertakes to update forward-looking statements to reflect any changes in their expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

STABILISATION

In connection with the issue of any Tranche of Notes, one or more relevant Dealers (the "Stabilising Manager(s)") (or persons acting on behalf of any Stabilising 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, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease 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 Stabilising Manager(s) (or persons acting on behalf of the Stabilising Manager(s)) in accordance with all applicable laws and rules.

BENCHMARKS REGULATION

Amounts payable on Floating Rate Notes will be calculated by reference to one of LIBOR, EURIBOR, KIBOR, SHIBOR, HIBOR, KLIBOR, TRLIBOR or TRYLIBOR, SIBOR, EIBOR, TIBOR and SAIBOR as specified in the relevant Final Terms. As at the date of this Base Prospectus, the administrators of LIBOR and SAIBOR are included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the "**Benchmarks Regulation**"). As at the date of this Base Prospectus, the administrators of EURIBOR, KIBOR, SHIBOR, HIBOR, KLIBOR, TRLIBOR or TRYLIBOR, SIBOR, EIBOR and TIBOR are not included in ESMA's register of administrators under the Benchmarks Regulation.

As far as the Issuer is aware, KIBOR, SHIBOR, KLIBOR and EIBOR do not fall within the scope of the Benchmarks Regulation by virtue of Article 2 of that regulation. As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the relevant administrators of EURIBOR, HIBOR, TRLIBOR or TRYLIBOR, SIBOR and TIBOR are not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

RISK FACTORS

Prospective investors should read the entire Base Prospectus. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this section.

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. Most 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.

Each of the Issuer and the Guarantor believes that the factors described below represent the principal 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 and neither the Issuer nor the Guarantor represent that the statements below regarding the risks of holding any Notes are exhaustive. Additional risks and uncertainties not presently known to the Issuer or the Guarantor or that each of the Issuer or the Guarantor currently believes to be immaterial could also have a material impact on the Issuer's or the Guarantor's business operations. 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 Issuer's ability to fulfil its obligations under the Notes

The Issuer is not an operating company. The Issuer is a special purpose vehicle with no other business other than issuing Notes. All funds raised by the Issuer are on-lent to the Guarantor and the Issuer is therefore dependent on repayment of principal, interest and/or additional amounts (if any) from the Guarantor for the purposes of meeting its obligations under the Notes.

The Issuer will only be able to make payments under the Notes to the Noteholders in an amount equivalent to sums of principal, interest, and/or additional amounts (if any) it actually receives from the Guarantor. Consequently, if the Guarantor fails to meet its obligations to the Issuer in respect of the funds on-lent, the Noteholders could receive less than the full amount of principal, interest and/or additional amounts (if any) on the relevant due date from the Issuer and would have recourse under the Guarantee of the Notes for the balance.

Factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee of the Notes

Developing markets are subject to greater risks than more developed markets, including significant political, social and economic risks

The following table sets out the geographical break down of the Guarantor's revenue and non-current assets for the year ended and as at 31 December 2018 based on the Guarantor's audited consolidated financial statements as at and for the year ended 31 December 2018:

	Revenue (In per cent.)	Non-Current Assets (In per cent.)
Kuwait	48.9	59.7
Rest of GCC	2.3	2.4
Rest of MENA.....	23.7	26.6
Europe*	24.6	11.1
North America.....	0.5	0.3
Total	100.0	100.0

*primarily attributable to Turkey and Malta

A significant proportion of the Guarantor's revenues are generated in the State of Kuwait. There can be no assurance that economic conditions in the State of Kuwait will remain robust nor that a significant

deterioration in these economic conditions will not impact the financial performance of the Guarantor. The economy of the State of Kuwait is largely driven by revenues from oil exports and as such is exposed to volatility in oil prices. The Government's policies to diversify the economy away from its reliance on oil as the single major revenue source have generally resulted in improved economic performance, there can be no assurance that such performance will be sustained.

The Guarantor's financial performance can be adversely affected by political, economic and related developments not only from within the State of Kuwait, but also to a lesser extent from within the countries of the Gulf Cooperation Council ("GCC") (which comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) and the political and economic instability in surrounding countries, such as Turkey, Syria, Iraq, Iran and the countries of North Africa. Although not unique to the region, the State of Kuwait, the GCC region and surrounding countries are exposed to specific risks that may have a material impact on the business carried out by the Guarantor, its operating results and its financial condition.

Amongst those specific risks is the possibility of:

- Political and social instability;
- Downturn in economic conditions;
- External acts of warfare, civil clashes and terrorist activity;
- Natural disasters; and
- Regulatory, taxation and legal structure changes.

The Guarantor has limited assets in the countries worst affected. Any material unexpected developments in the political, social, economic or other conditions in countries in which the Guarantor or any of its associated companies carry on business may, however, have a material adverse effect on the Guarantor's business, financial condition and results of operations and may adversely affect the Guarantor's plans for international expansion and investment.

Over the last few years political uncertainty and armed conflict continues to persist across Yemen, Iraq, Syria and Libya. The countries in question are affected in particular by political and social instability and external acts of warfare and civil clashes. Neighbouring countries such as Turkey and Lebanon are receiving large numbers of refugees fleeing the conflict, resulting in increased pressure on their public services. Political uncertainty and sectarian violence in the region could have a material adverse effect on the Guarantor's business, financial condition, results of operations and prospects. Kuwait and most of the other countries in the Gulf have thus far been largely immune from disruption from such activity. However, despite the rapid response and intensified intelligence and prevention activities of Gulf authorities, there is no assurance that the unrest experienced elsewhere in the region will not impact the areas in the Gulf or Turkey where the Group operates.

The ongoing conflict in Yemen could have detrimental impact on the Guarantor's businesses in Saudi Arabia. In addition, on 5 June 2017, Saudi Arabia, the UAE, Egypt and Bahrain announced the severing of diplomatic ties with Qatar. Yemen, Jordan, Libya, Comoros, Senegal and Mauritania also joined the Saudi-led coalition shortly thereafter and several other countries including Chad, Djibouti, Maldives and Niger announced that they had downgraded their diplomatic ties with Qatar. The severing of diplomatic ties included the withdrawal of ambassadors as well as the imposition of travel restrictions. Saudi Arabia, the UAE and Bahrain advised their citizens visiting or resident in Qatar to leave Qatar. Qatari visitors, residents and diplomats in Saudi Arabia, the UAE and Bahrain were also expelled at the same time, with a two week grace period for visitors and residents and a 48 hour grace period for Qatari diplomats. Saudi Arabia, the UAE, Bahrain and Egypt also imposed restrictions on the use of their airspace by Qatari airline carriers, which resulted in disruption to flights operating to and from Qatar. Similarly, Qatari-flagged vessels were barred entry to each of their respective ports.

Although there are currently no publically known direct restrictions on trade exports or imports between Qatar and the other GCC countries, trade has been impacted by the closure of airspace and ports to Qatari-flagged airlines and vessels. New trade channels and routes have been established with Turkey, Oman, Iran and India as alternatives but there can be no assurance that ongoing restrictions will not have a material adverse effect on Qatar's economy.

On 23 June 2017, the State of Kuwait, acting as a mediator between Qatar and the countries imposing the restrictions, delivered terms on which the Saudi-led coalition would be willing to lift the restrictions and reinstate diplomatic ties. The terms were rejected by Qatar on 1 July 2017 as an infringement on its sovereignty, although its official response has not yet been made public. Despite calls from the United States, Turkey and other countries in the region to resolve the crisis diplomatically, the restrictions remain in place. Some of the Guarantor's businesses are incorporated in or operate from countries that have downgraded diplomatic ties with Qatar; trade retaliation against these entities by Qatar or residents of Qatar may impact the Guarantor's business interests. It is not possible to predict the occurrence of events or circumstances such as those outlined above or the impact of such occurrences and no assurance can be given that the Guarantor's business would be able to sustain its current profit levels if such events or circumstances were to occur.

The Guarantor is exposed to risks associated with expansion into new markets, start-up or early stage businesses and acquisition of new companies and businesses

Historically, the Guarantor has been primarily active in the Kuwaiti market. However, its strategy is to expand further into markets or businesses within the GCC and the wider MENA region and beyond, which may include markets in which it has not operated previously. These new markets may pose additional challenges, including different competitive conditions, political and regulatory systems, with which the Guarantor is not familiar, and the Guarantor may not be able to rely on its reputation and relationships to the extent that it can in its established markets.

The Guarantor's growth strategy involves expanding its operations by acquiring new companies. If the Guarantor encounters difficulties in acquiring such companies at a commercially reasonable price, or not at all, or if the companies acquired by the Guarantor fail to produce anticipated synergies, the Guarantor's growth strategy could be unsuccessful, which would have a material adverse effect on the Guarantor's business, financial condition and results of operations. The Guarantor also acquires or creates new businesses with limited or no previous operating experience. While these investments potentially offer the opportunity for significant capital gains, they involve a high degree of business and financial risk that can result in substantial losses.

The Guarantor's subsidiaries are investing, and may further invest, in countries adjacent to the MENA region, notably in Turkey and Malta. There can be no assurances that the performance of investments in these relatively new markets will deliver the returns expected at the time of acquisition.

The Guarantor's cash receipts are mostly restricted to dividends from Principal Companies or the proceeds of asset sales

As a holding company, the Guarantor does not have direct access to the cash flows of its Principal Companies. The Guarantor's cash flows are limited to its share of the dividends declared by these companies, interest income on its investments and proceeds from its own trading activities or sales of its assets. Any decrease in the profitability of the Principal Companies would adversely impact the Guarantor's cash flow position.

The payment of dividends by some of the Principal Companies to the Guarantor is subject to restrictions contained in insurance, banking, securities and corporate laws and regulations which require that solvency and capital standards are maintained by such companies. Burgan Bank K.P.S.C. ("**Burgan Bank**") paid a cash dividend in 2018 (for the year 2017) and has also declared the dividend for the year 2018 (to be paid in 2019) while United Gulf Bank last paid a cash dividend in 2010 (for the year 2009); there is no assurance that dividends from these banks and the other Principal Companies will be available on a regular basis.

As the Guarantor's strategy involves strategic sales of assets from time to time, there is a risk that the Guarantor may not find a suitable buyer for its assets when it intends to sell them. Also, as the sale of assets is impacted by factors which are beyond the Guarantor's control, the sale price might be adversely impacted due to such factors.

The Guarantor may not be able to effectively re-invest cash received from the sale of investments

As the Guarantor's strategy involves strategic sales of investments from time to time, it is expected that the Guarantor will have large inflows of cash in the future. Until the cash remains uninvested, the

Guarantor's margins could be adversely affected. Additionally, there is a risk that once the funds are re-invested, such investments will not perform as expected. There is no guarantee when the Guarantor will find suitable investments for this cash or when returns on such investments will be realised. The failure to timely and effectively re-invest cash received from the sale of investments may have an adverse effect on the Guarantor's operations, business, financial conditions and profitability.

Valuations of unquoted investments are subject to management judgement and may not reflect the value that the Guarantor will actually be able to realise

Some of the Guarantor's investments are in unquoted companies. Potential investors should be aware that valuations of unquoted investments are based on techniques that the Guarantor's management considers appropriate and are subject to judgement. The types of factors that may be considered when applying fair value pricing to an investment in a particular company include the historical and projected financial data for the company, valuations given to comparable companies, the size and scope of the investee company's operations, the strengths and weaknesses of the investee company, industry information and assumptions, possible synergies within the Group, general economic and market conditions and other relevant factors.

Valuations, and in particular valuations of unquoted investments, may fluctuate over short periods of time and may be based on estimates. Determinations of the fair value of an unquoted investment may differ materially from the price that would be received if such investments were sold.

The results of operations reported by the Guarantor could be adversely affected if the values of unquoted investments that it records are materially higher than the values that are ultimately realised upon the disposal of the investments. Additionally, changes in values of such unquoted investments from quarter to quarter may result in volatility in the valuations and results of operations that the Guarantor reports from period to period.

Funding risk

In addition to the internal generation of cash flow through upstream dividends, income from interest and income from trading, the Guarantor relies on external borrowings to fund its investments. These are primarily in the form of corporate bonds and bank borrowings, which are refinanced on an on-going basis.

As at 31 December 2018, the Guarantor's unconsolidated gross debt (loans payable, medium term notes and bonds) was KD 719.6 million (U.S.\$2,372.6 million)¹. The Guarantor's future ability to originate new debt and pay or refinance its existing and future obligations as they become due will depend not only on its financial condition and results of operations at the time but also on certain factors over which the Guarantor has no control such as:

- Investor sentiment towards companies conducting business in similar markets and sectors;
- Opinions, reports and ratings of analysts and rating agencies on sovereign and corporate borrowers in the region;
- Prevailing capital and financial market conditions, including interest and exchange rates; and
- Political conditions in the MENA region.

Therefore, the Guarantor has no assurance that it would be able to obtain funding in the financial markets on satisfactory terms, which would limit its ability to originate new loans and to pay or refinance its existing and future obligations as they become due and would have an adverse impact on its business, financial condition and results of operations.

Counterparty Credit Risk

A substantial part of the activities of Burgan Bank and its subsidiaries and Gulf Holding Company and its subsidiaries involves extending credit to customers and holding financial and real estate assets as

¹ All figures in KD as of 31 March 2019 and as of 31 December 2018 have been converted into U.S.\$ at the exchange rates prevailing on those dates, that is (U.S.\$:KD=1:0.3042) as of 31 March 2019 and (U.S.\$:KD =1:0.3033) as of 31 December 2018 respectively.

investors or as security for loans. The concentration of loans and assets in the State of Kuwait and the MENA region and the possible prevalence of borrowers active in similar or related industries among each lender's customers may result in higher default rates than have been experienced historically or cause the Guarantor or the Principal Companies to make material provisions (or be obligated by a regulator to make material provisions) against potential losses. In addition, the volatility of securities and real estate markets in the region may result in a reduction of the value of the collateral available as security for particular loans.

Interest Rate and Equity Price Risk

The Guarantor is exposed to interest rate and equity price risks associated with the Group's investment and asset and liability management activities.

Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between the Guarantor's investment activities and its borrowing costs.

Changes in equity prices may affect the value of and returns on the Guarantor's investment portfolios. It is difficult to accurately predict changes in economic and market conditions and to anticipate the effects that such changes could have on the Guarantor's financial performance and business operations.

Foreign Exchange Risk

The Guarantor generates a significant proportion of its earnings in the State of Kuwaiti Dinar. From January 2003 to 20 May 2007, the Kuwaiti Dinar was pegged to the U.S. dollar around a parity rate of 0.29963, with margins set at +/- 3.5 per cent. On 20 May 2007, this policy was replaced with one stated by the Governor of the Central Bank of Kuwait to be based on an undisclosed weighted basket of the currencies of Kuwait's major trade and financial partner countries. It appears that the U.S. dollar continues to play a significant role in determining the Kuwaiti Dinar exchange rate, although the relationship with any given currency or basket of currencies cannot be readily ascertained. Since 20 May 2007, the Kuwaiti Dinar has ranged from KD 0.26460 to one U.S. dollar in May 2008 to KD 0.3033 to one U.S. dollar in December 2018, equivalent to a 15 per cent. change in the exchange rate. As of 31 March 2019, the Kuwaiti Dinar was valued at KD 0.3042 to one U.S. dollar and the U.S. dollar was valued at 3.28731 to one Kuwaiti Dinar. If the U.S. dollar strengthens against the Kuwaiti Dinar, this will result in a higher debt service cost to the Guarantor.

In addition to earnings generated in Kuwaiti Dinars, a material amount of the Guarantor's consolidated earnings is generated in currencies directly or informally pegged to the U.S. dollar. A removal of the peg or a substantial devaluation of any of these currencies could impact negatively on the amount of the Guarantor's reported earnings and on the amount of distributions that the Guarantor would otherwise receive from operating companies within its group that would be directly or indirectly affected by such peg removal or devaluation.

The Turkish subsidiary of Burgan Bank maintains its accounts and report its results in Turkish Lira, the local currency of the country of its incorporation. Any fluctuations in Turkish Lira against KD may result in a change in the value of foreign currency assets or liabilities for the purpose of Burgan Bank's financial statements. The Turkish Lira has depreciated by 90.2 per cent. against KD between 1 January 2016 and 31 March 2019. The same has had limited impact on the Group as Burgan Bank's investment in Turkish Lira is hedged through the use of currency swaps. However, further devaluation in the currency may have a detrimental impact on Burgan Bank's dividend paying capacity.

Any weakening of the Kuwaiti Dinar against the U.S. dollar may adversely impact the ability of the Guarantor to repay principal and interest on borrowings denominated in a currency other than Kuwaiti Dinars. The Guarantor is exposed to the potential impact of any alteration to the Central Bank of Kuwait's foreign exchange policy. In addition, although the Guarantor attempts to hedge its exposure or manage its cost of financing through the use of swaps and other derivatives with parties believed to be solvent, it is possible that a counter-party may default on its obligations, leaving the Guarantor unprotected against such fluctuations. In addition, the Guarantor is likely to have to report foreign exchange gains or losses under existing accounting rules. If the value of the Kuwaiti Dinar against the U.S. dollar fluctuates in a volatile manner, the impact on reported profit may be substantial.

Kuwait may introduce Corporate Income Tax on Kuwaiti and other Companies and Value Added Taxes

The Guarantor is not currently subject to corporation tax on its earnings within Kuwait. However, on 14 March 2016 the Kuwait Cabinet of Ministers approved plans to implement a corporate tax of 10 per cent. on the annual profits of Kuwaiti incorporated entities (the "**Proposed Corporate Income Tax**"), including Partnerships, Funds, Sole Partnership and Trusts, similar companies established under the laws of a foreign country and individuals, enterprises or sole traders (other than incorporated companies) who are carrying on a business in Kuwait which may be applicable to the Guarantor for future financial years. As at the date of this Prospectus, the Proposed Corporate Income Tax does not have the force of law until such time as it has been approved by the Kuwaiti Parliament, signed by the Amir and published in the Official Gazette. It is currently uncertain as to whether the Proposed Corporate Income Tax will be promulgated into law in the form in which it has been proposed by the Cabinet of Ministers, or at all. If the Kuwaiti authorities impose new tax regimes on the Guarantor (whether in the form of the Proposed Corporate Income Tax or otherwise) or introduce any other changes in tax laws which make doing business in Kuwait less attractive, this may have a material adverse effect on the Guarantor's business, results of operations, cash flows and financial condition.

The Proposed Corporate Income Tax also provides for Withholding taxes ("**WHT**") to be imposed on payments to nonresident entities. Currently the Proposed Corporate Income Tax provides for WHT on royalties, interest and technical fees at 10 per cent. and insurance premiums at 5 per cent., but not on dividends.

The GCC Value Added Tax Framework (the "**GCC VAT Framework**") was finalised, approved and formally announced in 2017 and some of GCC countries have already implemented Value Added Tax ("**VAT**") regimes in 2018. However, as of the date of this Prospectus, the VAT regime has not yet been implemented in Kuwait (the latest indication is that this may not happen on a comprehensive basis until 2021) although Kuwait has committed to do so under the GCC VAT Framework. Therefore, it is not possible to state how VAT may affect the Guarantor in Kuwait at this time and whether any exemptions, zero ratings or refunds that may be included in the VAT regime may be available to the Guarantor. As such, any implementation of the VAT regime in locations where the Guarantor has business may have a material adverse effect on the Guarantor's business, results of operations, cash flows and financial condition.

The Guarantor may be impacted by financial market disruptions

Kuwait's economy remains vulnerable to both external and internal shocks, including volatility in oil prices, political, economic and related developments in Kuwait, the other Gulf Cooperation Council ("**GCC**") countries (i.e. Bahrain, Oman, Qatar, Saudi Arabia and the United Arab Emirates) and the MENA region, but also resulting from political and economic instability in surrounding countries such as Iran and Iraq. These risks include, but are not limited to, external acts of warfare, civil clashes, terrorist activity, natural disasters, and regulatory, taxation and legal structure changes.

The business and results of operations of the Guarantor and its subsidiaries and the market price of the Notes are influenced by economic and market conditions in Kuwait and, to a varying degree, economic and market conditions in the global markets generally. Global financial crises and volatility in the emerging markets in the past have adversely affected market prices in the world's securities markets for companies that operate in developing economies. Even if the Kuwaiti economy remains relatively stable, financial turmoil in the emerging markets and globally could have a material adverse effect on the Guarantor and its subsidiaries' business, financial condition, results of operations or prospects and the market price of the Notes.

Historic level of the Guarantor's growth may not be sustained, which could impact its profitability

The business, operations, financial conditions and prospects of the Guarantor are closely linked to the economic conditions of the MENA region. Any deterioration in economic conditions in the GCC and wider MENA region due to a deterioration in oil, gas or related industries or in banking and financial services industries or other factors could have an adverse effect on the Guarantor's financial condition and results of operations.

Significant decreases in oil prices may have a material adverse impact on the Guarantor's underlying businesses. Oil prices are down from their historic peak levels of U.S.\$110.5 per barrel as of 20 June 2014. As of 31 March 2019, oil prices were at U.S.\$66.4 per barrel. Any deterioration in pricing may have a material adverse impact on Kuwait's economy, which could impact the Guarantor's businesses, financial conditions, results of operations and prospects particularly due to increased provisions for credit losses in its banking operations and reduced demand for loans and other banking services.

In addition, a material adverse change in one or more macroeconomic factors, such as a disruption of global money markets, interest rates, inflation, wage levels, unemployment, foreign investment and international trade could have an adverse impact on certain aspects of the Guarantor's operations. Such deterioration may adversely affect its ability to access funds on commercially acceptable terms or at all and impact further expansion and growth and could have an adverse effect on the financial condition and results of operations.

Competition from global competitors

Many of the governments of the MENA region are liberalising their economies and initiating economic reforms. The MENA region is emerging as an investment opportunity, thereby attracting transnational companies. The increased competition resulting from such transnational companies operating in the region could have an adverse impact on the profitability of Guarantor and its subsidiaries and its associates.

Profitability is dependent on the performance of the Guarantor's principal companies (Burgan Bank, United Gulf Holding Company, Gulf Insurance Group K.S.C.P., Panther Media Group Limited and United Real Estate Company, together the "**Principal Companies**"). Most of the Guarantor's revenue is derived from its Principal Companies. The Guarantor may be impacted by the ability of those companies to complete or successfully integrate strategic transactions, develop and introduce new products and services in a timely manner and respond effectively to technological changes.

For example, the Pay-Tv business of Panther Media Group Limited (operating under the brand name "**OSN**") operates in a highly competitive environment and faces competition from a broad range of organisations. Technological developments also have the ability to create new forms of competition. A failure to develop OSN's product proposition in line with changing market dynamics could erode its competitive position. OSN faces competition for customers from rival full service pay per view operators, internet video streaming (both legal and pirate feeds) and over-the-top ("**OTT**") content providers operating regionally and internationally. OSN's ability to compete successfully will depend on its ability to acquire and commission programme content and package this in a way that is attractive to its customers. The programme content OSN has licensed from others is subject to fixed term contracts which will expire or may terminate early. OSN cannot be certain that programme content will be available to it at all or on acceptable financial or other terms. Certain of these factors are already negatively impacting OSN's financial performance and may lead to fair value adjustments, as described further in "Description of the Guarantor – Principal Companies - Panther Media Group" above. The level of legal competition and illegal piracy activities by well capitalised entities exerts pressure on OSN's revenue. As a result, the Guarantor and the other shareholder group have had to inject additional capital into OSN. So far, the capital was contributed *pro rata* to ownership, and the amounts contributed were not material to the Group. If, in the future the capital was no longer contributed on a *pro rata* basis, the other shareholder group would be severely diluted. There are no assurances that the revenue pressure will abate or that the cost cutting measures will generate sufficient savings. It is also not certain that the other shareholder group will continue to provide funds to OSN *pro rata* to its share. Although the management of OSN are taking steps to mitigate losses and appropriate support is being provided by the Guarantor, there can be no assurance that OSN will return to profitability in the short term, nor that the level of support that the shareholders of OSN have committed to provide will be sufficient or that future support will not be required. Ongoing levels of support to OSN could have an adverse impact on the Guarantor's financial performance.

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

The Guarantor's Principal Companies operate in regulated businesses across multiple jurisdictions. Local regulations may change in a manner adverse to the business of one or more Principal Companies. This may be as a result of increased competition from additional licences being issued or changes to licence

conditions affecting activities or profitability of a particular business. Ownership restrictions or limitations on the scope of activities could also be imposed on the Guarantor. The Guarantor's largest Principal Companies operate in the financial sector. In light of the liquidity crisis and difficulties with the international financial system over the past few years, regulators are expected to monitor closely and regulate more aggressively the activities of financial companies, notably banks and investment companies. The Central Bank of Kuwait has adopted Basel III (or the Third Basel Accord) for the banks which it regulates, which includes the Guarantor's subsidiary Burgan Bank. Basel III is a demanding regulatory framework on bank capital adequacy, stress testing, and market liquidity risk. There can be no assurance that compliance with Basel III or future regulations will not increase the capital requirements of the Group's banking businesses (thereby requiring the Guarantor to inject additional capital or face dilution of its ownership) or reduce its profitability. As at 31 December 2018, Burgan Bank has a Basel III CET1 capital adequacy ratio of 11.9 per cent. and total capital adequacy ratio of 17.4 per cent.

No assurance can be given that the government of any of the jurisdictions in which the Guarantor's Principal Companies operate will not implement regulation or fiscal or monetary policies, including policies, regulations, or new legal interpretations of existing regulations, relating to or affecting expropriation, nationalisation, taxation, interest rates, exchange controls or capital adequacy requirements or otherwise take actions which could have a material adverse effect on the Guarantor's business, financial condition, results of operations or prospects.

Risks related to Kuwait and the Middle East and North Africa region

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

Kuwait and other GCC legal systems continue to develop and this may create an uncertain environment for investment and business activity

Kuwait and many of the other GCC countries are in various stages of developing their legal and regulatory institutions that are characteristic of more developed markets. As a result, procedural safeguards as well as formal regulations and laws may not be applied consistently. In some circumstances it may not be possible to obtain the legal remedies provided under the relevant laws and regulations in a timely manner. As the legal environment remains subject to continuous development, investors in Kuwait and the GCC countries may face uncertainty as to the security of their investments. Any unexpected changes in the legal systems in Kuwait and the GCC may have a material adverse effect on the investments that the Guarantor has made or may make in the future, which may in turn have a material adverse effect on the Guarantor's business, financial condition, results of operations and prospects.

Downgrade in the Guarantor's credit ratings

The Guarantor's credit ratings by the major credit rating agencies are intended to measure the probability of its ability to meet its debt obligations as they mature and thus are an important factor in determining the Guarantor's cost of borrowing and the amount of funding it could raise. The cost of funding of the Guarantor's borrowings is partly dependent on its credit ratings.

Currently the Guarantor's credit ratings are:

- Moody's: credit rating at (Baa3) for long term debt, credit rating of (P-3) for short-term debts, with a stable outlook.
- Standard & Poor's: credit rating at (BBB-) for the long-term Guarantor credit and credit rating at (A-3) for third parties' credit on the short term, with a negative outlook.

A downgrade of the Guarantor's credit ratings, or being placed on a negative rating watch, may increase its cost of borrowing which could have a material adverse effect on the Guarantor's business, financial condition, results of operations or prospects and its relationship with creditors. Any potential future downgrade of the Guarantor's credit ratings (or announcement of a negative ratings watch) may also limit its or its subsidiaries' ability to raise capital in the international capital markets. Ratings may be subject to revision or withdrawal at any time by the assigning rating organisation and each rating should be evaluated independently of any other rating.

The Guarantor is exposed to risks associated with the loss of its key personnel

The Guarantor's success depends to a significant degree upon the efforts and abilities of its key personnel, including in particular the chairman, vice-chairman and senior management team. The loss of the services of any key personnel could materially adversely affect the Guarantor's business, results of operations, financial condition and prospects.

Operational Risk

Operational risk and losses at the Principal Companies can result from fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, systems and equipment failures, natural disasters or the failure of external systems (for example, those of counterparties or vendors) which may have an impact on the Guarantor's performance. KIPCO and the Principal Companies have an operational risk framework which they use to manage operational risk by identifying, measuring, controlling, monitoring and reporting risks. Although this framework has been implemented, it is not possible to eliminate entirely each of these operational risks (although this should not be taken to imply that the Issuer will be unable to comply with its obligations as a company with securities admitted to the Official List of the FCA).

Cyber Security Risk

The Guarantor and its Principal Companies are dependent on their information and technology systems which are subject to potential cyber-attack.

The Guarantor owns stakes in internet facing businesses, such as banking, insurance and Pay-Tv, which are at risk of cyber-attack. Sophisticated cyber actors exploit vulnerabilities to steal information and money and develop capabilities to disrupt, destroy, or threaten the delivery of services. Such attacks can cause considerable financial and reputational damage to the Guarantor or its subsidiaries. The Guarantor and its Principal Companies have systems in place to adequately manage cyber-security risk and continually review and update their current processes in response to new threats. However, given the increasing sophistication and scope of potential cyber-attacks, it is not possible to eliminate entirely the risks to significant breaches of security, which could disrupt business, result in the disclosure of confidential information, create significant financial and/or legal exposure and damage the reputation of the Guarantor and/or its Principal Companies.

The Guarantor's banking subsidiaries are exposed to reputational risks related to their operations and industry

All financial institutions depend on the trust and confidence of their customers to succeed in their business. The Guarantor's subsidiaries in the banking business are exposed to the risk that litigation, misconduct, operational failures, negative publicity and press speculation, whether or not valid, will harm their reputation. The reputation of the Guarantor's subsidiaries in the banking business may also be adversely affected by the conduct of third parties over whom they have no control, including entities to which they lend money or in which they have invested. For example, if a bank's borrower becomes associated with financial scandals or widely publicised improper behaviour, the lender's own reputation may be affected. This in turn may impact on its financial condition and that of the Guarantor.

Regulatory risks relating to the Guarantor's banking subsidiaries

The Guarantor's banking subsidiaries are highly regulated entities. Changes to applicable laws or regulations, the interpretation or enforcement of such laws or regulations or the failure to comply with such laws or regulations or a change in the capital treatment of the bank's instruments could have an

adverse impact on the banking subsidiaries' business. In such an event the Guarantor's returns and dividends received from the banking subsidiaries may be adversely affected.

The Basel Committee on Banking Regulation and Supervisory Practices (the "**Basel Committee**") has set international standards for the capital adequacy of banks. The capital adequacy level maintained by the banking subsidiaries currently exceeds the minimum requirements set out by each relevant regulatory authority. However, if the banking subsidiaries' loan portfolios grow significantly, or if the level of loan impairments increases, and the banking subsidiaries fail to generate a sufficient level of profits to ensure consistent growth in equity through retained earnings, or if any of the banks' instruments lose their capital treatment as a result of a change in the guidelines on capital adequacy issued by the Basel Committee, or corresponding implementing measures as implemented by the relevant regulatory authority, the respective banking subsidiary may need to raise new capital to maintain the minimum capital adequacy ratios set by the relevant regulatory authority. In such an event the Guarantor's returns and dividends received from the banking subsidiaries may be adversely affected, which may adversely affect the ability of the Guarantor to repay principal and interest on the Notes. See also "*Risk Factors – Legal and regulatory systems may create an uncertain environment for investment and business activities*".

The Guarantor's banking subsidiaries have significant credit-related contingent liabilities and commitments that may lead to potential losses

As part of their normal banking business, the Guarantor's banking subsidiaries issue guarantees, letters of credit and acceptances which are accounted for off their balance sheets until such time as they are actually funded or cancelled. In addition, each of these entities makes irrevocable commitments to advance credit to their customers. Although these commitments are contingent, they nonetheless subject the Guarantor's banking subsidiaries to both credit and liquidity risks.

Although the Guarantor's banking subsidiaries anticipate that only a portion of their obligations in respect of these commitments will be triggered, these subsidiaries may need to make payments in respect of a greater portion of such commitments, particularly in cases where there has been a general deterioration in market conditions. This would result in the respective bank needing to obtain additional funding, potentially at relatively short notice, which could have an adverse effect on its financial condition and results of operations and hence the financial condition of the Guarantor.

The Guarantor's banking subsidiaries are exposed to various risks resulting from fluctuations in interest rate and exchange rate levels

The Guarantor's banking subsidiaries are exposed to fluctuations in interest rates and foreign exchange, as well as bond and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between the Guarantor's lending and investment activities and their respective borrowing costs, and the values of assets that are sensitive to interest rate and spread changes. An increase in interest rates generally may decrease the value of fixed rate loans and raise funding cost which could materially adversely affect the Guarantor's business, results of operations, financial condition and prospects.

The results of the Guarantor's insurance operations could be adversely affected by a failure to accurately assess underwriting risks and by catastrophic events

The Guarantor, through Gulf Insurance Group K.S.C.P. ("**Gulf Insurance Group**" or "**GIG**"), operates in both the life and non-life segments of the insurance market, namely property and casualty, life and health, motor and marine and aviation. A key factor impacting on the success of the Group's insurance business is its ability to accurately assess the risks associated with the insurance offered. If the Group fails to accurately assess the risks, it may fail to establish adequate premium rates to cover its losses.

The Group's participation in the particular areas of insurance in which it competes means that its business is exposed to unpredictable catastrophic events, including weather-related and other natural catastrophes, as well as acts of terrorism. Projections of possible losses from future catastrophic events of varying types and magnitudes are used as a strategic underwriting tool. These loss projections are used to estimate potential catastrophic losses in certain geographic areas and to assist in the making of decisions on the purchase of reinsurance or other actions to limit the extent of potential losses in a given geographic area. These loss projections are approximations which are reliant on a mix of quantitative and qualitative

processes. Actual losses may exceed the projections by a material amount, resulting in a material adverse effect on the Group's insurance business, results of operations, financial condition and prospects.

The failure of the Guarantor's insurance policy holders, intermediaries and reinsurers to satisfy their obligations to the Guarantor could reduce its net income

In accordance with industry practice, the Guarantor's insurance business has uncollateralised receivables from insurance policy holders, agent and brokers and/or relies on agents and brokers to process its payments. The Guarantor may not be able to collect amounts due from insurance policy holders, agents and brokers, resulting in a reduction to net income.

The Guarantor is also subject to the credit risk of counterparties in connection with reinsurance arrangements and insurance sharing arrangements in the oil and aviation insurance lines, because the transfer of risk to a counterparty does not relieve the Guarantor of its liability to the insurance policy holder. In addition, counterparties may be unwilling to pay the Guarantor even though they are able to do so. The failure of one or more of the Guarantor's counterparties to honour their obligations in a timely fashion would impact the Guarantor's cash flow, reduce its net income and could cause the Guarantor to incur a significant loss, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Guarantor's Pay-Tv business may suffer if it cannot acquire or retain attractive content for the Pay-Tv services it offers

The Guarantor's success in growing the customer base of OSN depends substantially on OSN's ability to secure, retain, renew or continue to obtain attractive film, sports and other programming on commercially reasonable terms. In general, OSN's studio programming content agreements are up for renewal from time to time. The Guarantor cannot predict whether OSN's suppliers will renew or extend their relationship on commercially reasonable or acceptable terms or at all. An increase in competitors in the Pay-Tv markets in which OSN competes will also make it harder for it to obtain desirable content. In the event that programming arrangements are not renewed or are cancelled, or competitors obtain rights to content sought by OSN, it will be required to seek alternative content from other sources. There can be no assurance that such alternative content will be available timely and on commercially reasonable terms or that it would appeal to the OSN's customers.

OSN's ability to obtain attractive content for its Pay-Tv services may also be adversely affected by changes in customer viewing tastes or changes in regulatory controls over content which result in a need to source more conservative content. Such changes in what is considered to be attractive or permissible content may have an adverse impact on OSN as it currently relies on its premium western content as a core strength and it may not be able to adapt to a new content strategy (or be able to source new content) quickly or on commercially reasonable terms. Failure to secure, retain or renew attractive content, or increased costs in connection with doing so, may result in loss of market share and could have a material adverse effect on its business, financial condition, results of operations and prospects.

In addition, OSN is dependent on satellites which it does not own or operate to deliver content to subscribers. Satellites are subject to significant risks, such as malfunction, damage and destruction that may prevent or impair proper commercial operations. OSN's ability to transmit its programming following the end of the expected useful lives of the satellites it is currently using and to broadcast additional channels in the future depends on its ability to obtain rights to arrangements for satellite transponder capacity. In the event of satellite failure, OSN would need to make alternative arrangements for transponder capacity, which it may not be able to do on commercially reasonable terms or at all.

The success of the Guarantor's Pay-Tv operations will largely depend on its ability to retain existing customers and gain new subscribers. Factors that may impede customer base growth include the current prevalence of piracy and the highly competitive environment. The Guarantor cannot give an assurance that OSN will be able to obtain attractive content or that attractive content will be sufficient to reduce customer deactivations and gain new subscribers. As a result, the deactivation rate may adversely impact on its ability to grow its customer base and improve profitability.

The Guarantor may be adversely affected if its strategic options regarding its Pay-Tv business are not realised on satisfactory terms

The Guarantor is exploring several strategic options in relation to OSN, in line with its strategy of ongoing review of its assets. The Guarantor has engaged an international investment banker for this purpose. The strategic options include: (i) refocusing the business back to profitability through resizing of the business, content optimisation and digital product offerings; (ii) introducing strategic partners; and (iii) disposal of the Guarantor's interests in OSN. The investment has been classified as "Non-current asset held for sale" in accordance with IFRS 5 - Non-Current Assets held for sale and discontinued operations ("**IFRS 5**") in the Guarantor's consolidated statement of financial position as at 31 December 2018. There is no assurance that a plan to resize the business (including by way of content optimisation) will be realised on satisfactory terms. There is also no assurance that OSN will be successful in its digital product offerings. Furthermore, there is no assurance that a transaction such as a partnership or disposal will be available or realised on satisfactory terms or that it will result in any improvement of the Guarantor's benefits from owning OSN.

The Guarantor may be affected by risks inherent in the development for sale of real estate

The Guarantor is directly, through its real estate business, and indirectly, through its banking businesses, exposed to risks associated with the real estate markets in the GCC and MENA regions. The Group companies carrying out real estate business for the Group acquire interests in undeveloped land or underdeveloped real property with a view to developing and selling the real property in the future. The Group companies in the real estate industry are subject to the risks normally associated with such assets and development activities, including risks relating to the uncertainty of return on investment, inflated real estate prices as a result of speculative market activities, availability and timely receipt of zoning and other regulatory or environmental approvals, the cost and timely completion of construction (including risks beyond the control of the Group companies in the real estate industry, such as weather or labour conditions or shortages of materials) and the availability of both construction and permanent financing on favourable terms as a result of increased competition for attractive real estate opportunities.

The Guarantor is also indirectly exposed to a correction in the GCC and MENA real estate market through its investments held by Group companies in the real estate industry, and through banking activities, including and the provision of financing for real estate purchases and development projects. Any decline in the real estate markets may affect the ability of customers to meet their loan obligations, the value of any collateral held by the Group, or decrease the amount of financing activities in the future. If any of the foregoing were to occur, it could materially adversely affect the Group's business, results of operations, financial condition and prospects.

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

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. 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 light of other investments available at that time.

Fixed/Floating Rate Notes

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 in, and the market value of, the Notes since the Issuer may be expected to convert the rate when it is likely to result in a lower overall cost of borrowing for the Issuer. 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 then 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 market rates.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) 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 such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Uncertainty about the future of "benchmarks"

The London Interbank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other interest rates or other types of rates and indices which are deemed "benchmarks" are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such "benchmarks" to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such a "benchmark".

Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") was published in the Official Journal of the EU on 29 June 2016 and mostly applies, subject to certain transitional provisions, from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, and in a subsequent speech by its Chief Executive on 12 July 2018, the UK Financial Conduct Authority ("**FCA**") confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcements**"). The FCA Announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average ("**SONIA**") over the next four years across

sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

Separate workstreams are also underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate ("**€STR**") as the new risk free rate. €STR is expected to be published by the ECB by October 2019. In addition, on 21 January 2019, the euro risk free-rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system.

It is not possible to predict with certainty whether, and to what extent, LIBOR, EURIBOR, KIBOR, SHIBOR, HIBOR, KLIBOR, TRLIBOR, TRYLIBOR, SIBOR, EIBOR, TIBOR and SAIBOR or any other benchmark will continue to be supported going forwards. This may cause LIBOR, EURIBOR, KIBOR, SHIBOR, HIBOR, KLIBOR, TRLIBOR, TRYLIBOR, SIBOR, EIBOR, TIBOR and SAIBOR and other benchmarks to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark; and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

Investors should be aware that, if LIBOR, EURIBOR, KIBOR, SHIBOR, HIBOR, KLIBOR, TRLIBOR, TRYLIBOR, SIBOR, EIBOR, TIBOR or SAIBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which reference LIBOR, EURIBOR, KIBOR, SHIBOR, HIBOR, KLIBOR, TRLIBOR, TRYLIBOR, SIBOR, EIBOR, TIBOR or SAIBOR will be determined for the relevant period by the fallback provisions applicable to such Notes. Depending on the manner in which LIBOR, EURIBOR, KIBOR, SHIBOR, HIBOR, KLIBOR, TRLIBOR, TRYLIBOR, SIBOR, EIBOR, TIBOR or SAIBOR is to be determined under the Terms and Conditions, this may in certain circumstances (i) be reliant upon the provision by reference banks of offered quotations for LIBOR, EURIBOR, KIBOR, SHIBOR, HIBOR, KLIBOR, TRLIBOR, TRYLIBOR, SIBOR, EIBOR, TIBOR and SAIBOR which, depending on market circumstances, may not be available at the relevant time or (ii) result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference LIBOR, EURIBOR, KIBOR, SHIBOR, HIBOR, KLIBOR, TRLIBOR, TRYLIBOR, SIBOR, EIBOR, TIBOR or SAIBOR.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation or any of the international or national reforms in making any investment decision with respect to any Notes referencing a benchmark.

Risks related to Renminbi Notes

Notes denominated in Renminbi ("**Renminbi Notes**") may be issued under the Programme. Renminbi Notes contain particular risks for potential investors, including:

Renminbi is not completely freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi Notes

Renminbi is not completely freely convertible at present. The government of the PRC continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar.

However, there has been significant reduction in control by the PRC government in recent years, particularly over trade transactions involving the import and export of goods and services, as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi by foreign investors into the PRC for the settlement of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals

from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are being developed.

Although since 1 October 2016, the Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund, there is no assurance that the PRC government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer or the Guarantor to source Renminbi to finance its obligations under Renminbi Notes.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and the Issuer's or the Guarantor's ability to source Renminbi outside the PRC to service Renminbi Notes

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the People's Bank of China (the "**PBoC**") has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "**Renminbi Clearing Banks**") including but not limited to Hong Kong and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi-denominated financial assets outside the PRC is limited.

The Renminbi Clearing Banks only have access to onshore liquidity support from the PBoC for the purpose of squaring open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement, and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer or the Guarantor is required to source Renminbi in the offshore market to service the Renminbi Notes, there is no assurance that the Issuer or the Guarantor, as the case may be, will be able to source such Renminbi on satisfactory terms, if at all.

If the Issuer or the Guarantor is unable to source such Renminbi, the Issuer's or the Guarantor's, as the case may be, obligation to make a payment in Renminbi under the terms of the Notes may be replaced by an obligation to pay such amount in U.S. dollars converted using the Spot Rate for the relevant Rate Calculation Date (all as defined in the Conditions and further described in Condition 10(a)(11) (*Payments – Bearer Notes – Payment of U.S. Dollar Equivalent*) and Condition 10(b)(8) (*Payments – Registered Notes – Payment of U.S. Dollar Equivalent*)).

Investment in Renminbi Notes is subject to exchange rate risks

The value of the Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions, as well as many other factors. In August 2015, PBoC implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest and principal will be made in Renminbi with respect to Renminbi Notes, unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a Holder of the Renminbi Notes in that foreign currency will decline.

Payments for Renminbi Notes will only be made to investors in the manner specified in the Renminbi Notes

All payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by a Temporary Global Note or a Permanent Global Note held with the common depository or common safekeeper, as the case may be, for Clearstream, Luxembourg and Euroclear or any alternative clearing system by transfer to a Renminbi bank account maintained in Hong Kong, or (ii) for so long as the Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. Other than as described in the Terms and Conditions of the Notes the relevant Issuer (or, as the case may be, the Guarantor) cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

In the event that access to Renminbi becomes restricted to the extent that, by reason of Inconvertibility, Non-transferability or Illiquidity (as defined in the Terms and Conditions of the Notes), the Issuer or the Guarantor, as the case may be, is unable, or it is impractical for it, to pay interest or principal in Renminbi, the Terms and Conditions of the Notes allow the Issuer or the Guarantor, as the case may be, to make payment in U.S. dollars at the prevailing spot rate of exchange, all as provided in more detail in Condition 10(a)(11) (*Payments — Bearer Notes — Payment of U.S. Dollar Equivalent*) or Condition 10(b)(8) (*Payments — Registered Notes — Payment of U.S. Dollar Equivalent*), as the case may be. As a result, the value of these Renminbi payments may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of a Noteholder's investment in U.S. dollar or other foreign currency terms will decline.

Investment in Renminbi Notes is subject to interest rate risks

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

As Renminbi Notes may carry a fixed interest rate, the trading price of Renminbi Notes will consequently vary with the fluctuations in the Renminbi interest rates. If holders of Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

Gains on the transfer of the Renminbi Notes may become subject to income taxes under PRC tax laws

Under the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules, as amended from time to time, any gain realised on the transfer of Renminbi Notes by non-PRC resident enterprise or individual Holders may be subject to PRC enterprise income tax ("EIT") or PRC individual income tax ("IIT") if such gain is regarded as income derived from sources within the PRC. The *PRC Enterprise Income Tax Law* levies EIT at the rate of 20 per cent. of the gains derived by such non-PRC resident enterprise or individual Holder from the transfer of Renminbi Notes but its implementation rules have reduced the enterprise income tax rate to 10 per cent. The *PRC Individual Income Tax Law* levies IIT at a rate of 20 per cent. of the gains derived by such non-PRC resident or individual Holder from the transfer of the Renminbi Notes.

However, uncertainty remains as to whether the gain realised from the transfer of Renminbi Notes by non-PRC resident enterprise or individual Holders would be treated as income derived from sources within the PRC and become subject to the EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules. According to the arrangement between the PRC and Hong Kong, for avoidance of double taxation, Holders who are residents of Hong Kong, including enterprise Holders and individual Holders, will not be subject to the EIT or IIT on capital gains derived from a sale or exchange of the Notes.

Therefore, if non-PRC enterprise or individual resident Holders are required to pay PRC income tax on gains derived from the transfer of Renminbi Notes, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual resident holders of Renminbi Notes

reside that reduces or exempts the relevant EIT or IIT, the value of their investment in Renminbi Notes may be materially and adversely affected.

Risks related to Notes generally

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

Modification, waivers and substitution

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.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 16 (*Meetings of Noteholders; Modification and Waiver*) of the conditions of the Notes.

Taxation risks on payments

Payments made by the Issuer in respect of the Notes or by the Guarantor in respect of the Guarantee of the Notes could become subject to taxation. See "*Taxation*". Condition 11 requires the Issuer and Guarantor to pay additional amounts in certain circumstances in the event that any withholding, deduction or retention for, or on account of, any present or future taxes, levies, imposts, fees, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the UAE (including the DIFC) and/or Kuwait or any authority therein or thereof having power to tax in respect of payments under the Notes or the Guarantee of the Notes, as the case may be, such that net amounts received by the holders of the Notes after such withholding, deduction or retention shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes in the absence of such withholding, deduction or retention. The circumstances described above may entitle the Issuer to redeem the Notes pursuant to Condition 9(b).

Kuwaiti bankruptcy law

In the event of the Guarantor's insolvency, Kuwaiti bankruptcy law may impact the enforcement of the Guarantee of the Notes by or on behalf of the Noteholders. Any claims by or on behalf of the Noteholders under the Notes shall be subordinated to rank below the following priority claims: claims for the cost of legal proceedings incurred for the preservation, sale and distribution of the property of the Guarantor, amounts due to the state treasury for tax, duties and other governmental duties of any kind, up to six months of salaries for employees and claims by secured creditors on secured assets.

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

Article 150 (bis) of Law No. 7 of 2010 Concerning the Establishment of the Capital Markets Authority and the Regulating of Securities Activities, (which was introduced pursuant to Law No. 22 of 2015) ("**Article 150 bis**"), provides that, without prejudice to the exemptions prescribed on capital gains tax arising from the disposal of securities issued by companies listed on the Kuwait Stock Exchange, the returns from bonds and other similar securities, regardless of the nature of the issuer, are exempt from Kuwaiti tax.

To date, there has been no official statement made by the Department of Income Tax ("**DIT**") regarding its interpretation of Article 150 (bis) and/or its application. Similarly, the Kuwaiti courts (who will be the final arbiters on the matter) have not been required to interpret such provision to date.

Furthermore, the DIT has to date not always adopted consistent rulings on Kuwaiti tax matters more generally. Accordingly, to the extent that the exemption afforded by Article 150 (bis) is held not to apply

to the Notes, or to a particular Noteholder, such Noteholder or the Noteholders which are non-GCC corporate entities may become subject to income tax in Kuwait (see "Taxation – Kuwait" for further details).

In addition, neither Article 150 (bis) nor Ministry of Finance Administrative Order No. 2028 of 2015 endorsing the provisions thereof, address the issue of whether or not there remains an obligation, as described under "Taxation – Kuwait – Retention", to make a deduction of five per cent. of the amount of any payments made by the Guarantor to the Issuer or the Noteholders (if there is a call on the Guarantee of Notes). In the event of any such deduction, the Trust Deed provides that the Guarantor will pay such additional amounts in order that the net amounts received by the Noteholders shall equal the amount which would have been receivable in the absence of such deduction.

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

Trading in the clearing systems

In relation to any issue of Notes which have a minimum denomination and are tradable in the clearing systems in amounts above such minimum denomination which are smaller than it, should definitive Notes be required to be issued, a holder who does not have an integral multiple of the minimum denomination in his account with the relevant clearing system at the relevant time may not receive all of his entitlement in the form of definitive Notes unless and until such time as his holding becomes an integral multiple of the minimum denomination. In relation to Notes which are expressed in the relevant Final Terms to be "Permanent Global Note exchangeable for Definitive Notes", see "*Forms of the Notes - Permanent Global Note exchangeable for Definitive Notes*", see "*Form of Final Terms - General Provisions Applicable to the Notes - Form of Notes*".

Potential conflicts of interest of the Calculation Agent

The Issuer or the Guarantor may appoint a Dealer as Calculation Agent in respect of an issuance of Notes under the Programme. In such a case the Calculation Agent is likely to be a member of an international financial group that is involved, in the ordinary course of its business, in a wide range of banking activities out of which conflicting interests may arise. Whilst such a Calculation Agent will, where relevant, have information barriers and procedures in place to manage conflicts of interest, it may in its other banking activities from time to time be engaged in transactions involving an index or related derivatives which may affect amounts receivable by Noteholders during the term and on the maturity of the Notes or the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

Change of law

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.

Enforcing Foreign Judgments and Arbitration Awards in Kuwait

The Dealer Agreement, the Agency Agreement and the Trust Deed (each as defined in the Conditions) (the "**Documents**") contain a provision allowing for a reference to arbitration or, at the option of the Trustee under the Trust Deed, the Dealers under the Dealer Agreement, and the Paying Agents, Registrar or Calculation Agent under the Paying Agency Agreement, for the courts of England (the "**Courts of England**") and the courts of the DIFC (the "**Courts of the DIFC**") to have jurisdiction to settle any disputes which may arise there under.

Foreign Judgments

Although the choice of submission to the jurisdiction of the Courts of England and the Courts of the DIFC in the Documents is valid and binding, if a claim were to be brought before the Kuwaiti Courts, the Kuwaiti Courts could accept jurisdiction in any suit, action or proceedings in the situations identified in Articles 23, 24 and 26 of Decree Law No. 38 of 1980 Enacting the Civil and Commercial Procedure Law (the "**Code**"). These situations include: (a) the defendant in the proceedings expressly or impliedly

accepted the jurisdiction of the Kuwaiti Courts; (b) the defendant is a Kuwaiti national or is resident, domiciled or has a place of business or a chosen domicile in the State of Kuwait; or (c) if such legal proceedings relate to property (movable or immovable) located in the State of Kuwait, an obligation is created, executed or required to be performed in the State of Kuwait or a bankruptcy is declared in the State of Kuwait.

There can, therefore, be no assurance that Kuwaiti Courts will decline jurisdiction to adjudicate any dispute under the Notes and the Documents, notwithstanding the provision in the Notes providing an option for the Courts of England and the Courts of the DIFC to have jurisdiction to settle any disputes arising thereunder. The Kuwaiti Courts could be influenced when deciding whether or not to decline jurisdiction by the existence of proceedings in relation to such dispute in another jurisdiction.

The enforcement by the Kuwaiti Courts of a monetary judgment (not involving the payment of taxes or the like) obtained in the Courts of England would require the filing of an enforcement action in the Kuwaiti courts. Such action does not involve either a re-trial or an examination of merits of the case; its sole purpose is to establish the compliance by the judgment with the provisions of Article 199 of the Code which requires that: (a) the courts of the jurisdiction in which the judgment was rendered must afford reciprocal treatment to judgments rendered in the State of Kuwait; (b) the judgment must be rendered by a competent authority according to the law of the jurisdiction in which it was rendered; (c) the parties must have been duly summoned to appear and were duly represented at the proceedings; (d) the judgment must be final and un-appealable (*res judicata*) according to the law of the jurisdiction in which it was rendered; (e) the judgment must not contradict any prior judgment rendered by a Kuwaiti court; and, finally (f) the judgment must not contain anything in conflict with the general morals or public order of Kuwait.

In respect of the requirement under Article 199 of the Code that the courts of the jurisdiction in which the judgment was issued must afford reciprocal treatment to judgments issued by the Kuwaiti courts, there is no treaty between Kuwait and the United Kingdom that affords such required reciprocal treatment. There are no known instances of the Courts of England enforcing Kuwaiti judgments, while there are different decisions issued by the Court of Cassation (the highest court in the State of Kuwait) with regard to the enforcement in the State of Kuwait of a monetary judgment issued by the Courts of England. In 2004 and again in 2005, the Court of Cassation had to consider applications for the enforcement in the State of Kuwait of an English judgment. For the application considered in 2004 the Court of Cassation was satisfied that, on the facts, the criteria for enforcement set out in Article 199 of the Code had been satisfied and therefore approved enforcement of the English judgment. However, for the application considered in 2005 the Court of Cassation concluded that the requirements for enforcement under Article 199 of the Code were not met and consequently did not enforce the English judgment. It should be noted that precedents are not binding but are only of persuasive value to the Kuwaiti Courts.

As described above, the Issuer and the Guarantor have each agreed under the Documents to which it is a party, to submit to the exclusive jurisdiction of the Courts of the DIFC and the Courts of England at the option of the Trustee under the Trust Deed, the Dealers under the Dealer Agreement, and the Paying Agents, Registrar or Calculation Agent under the Paying Agency Agreement, in respect of any dispute, claim, difference or controversy arising out of or in connection with such Documents. Dubai Law No. 16 of 2011 on Amending Some Provisions of Law No. 12 of 2004 Concerning the Dubai International Financial Centre Courts ("**Law No. 16 of 2011**") was issued, and came into force in Dubai, on 31 October 2011 and extends the jurisdiction of the Courts of the DIFC to include all civil and commercial disputes where the parties to the relevant dispute have expressly agreed to submit to the jurisdiction of the Courts of the DIFC, even where those parties are unconnected to the Dubai International Financial Centre (the "**DIFC**"). Under Article 7 of Law No. 12 of 2004 as amended by Law No. 16 of 2011, any final and unappealable judgment, order or award issued by the Courts of the DIFC that is appropriate for enforcement in favour of the relevant Noteholders shall, upon application by the relevant Noteholders to the Dubai courts, be enforced by the Dubai courts against the Issuer and each Guarantor without such courts re-examining the merits of the judgment, order or award. Investors should note, however, that as at the date of this Base Prospectus, there has been very limited case law relating to Law No. 16 of 2011 and therefore it is not certain as to how the Courts of the DIFC intend to exercise their jurisdiction under the new law should any party dispute the right of the DIFC Courts to hear a particular dispute where such parties are unconnected to the DIFC.

Enforcing DIFC judgments directly (or such judgments which have been ratified by the Dubai courts) in Kuwait under the GCC Convention for the Execution of Judgments, Delegations and Judicial

Notifications (the "GCC Convention") and/or the Riyadh Convention on Judicial Cooperation between States of the Arab League (the "Riyadh Convention").

A judgment issued by a court of: (a) a GCC member state (in the case of the GCC Convention), or (b) a signatory state to the Riyadh Convention, will be capable of being executed in Kuwait by virtue of the relevant execution of judgment provisions of the GCC Convention or the Riyadh Convention (as the case may be). It would however not be possible to directly enforce in Kuwait a judgment issued by the Courts of the DIFC (the "**DIFC Court Judgment**") without such DIFC Court Judgment first being recognised by the Kuwaiti courts as one having the equivalent status of a judgment which has been issued by the Dubai Courts (i.e. from a court of a GCC member state under the GCC Convention or a signatory to the Riyadh Convention). Where a DIFC Court Judgment has been processed for enforcement outside of the DIFC in accordance with all relevant enforcement procedures, protocols and/or applications in the Dubai Courts, then the Kuwaiti Courts should, prima facie, recognise the DIFC Court Judgment as one which is equivalent in status to that of a judgment issued by the Dubai Courts. Such DIFC Court Judgment would then be capable of being processed in Kuwait for enforcement as the Kuwait courts will recognise and enforce as a valid judgment, a final and conclusive judgment obtained in the Courts of the DIFC (and as sanctioned by the Dubai Courts), and a judgment based thereon could be given (without re-trial or examination of the merits of the case), provided that the procedural requirements under Article 199 of the Code are complied with as described further above under the heading "Foreign Judgments". Investors should note, however, that the foregoing is untested as at the date of this Base Prospectus. Moreover, as at the date of this Base Prospectus, there is no publicly available legal precedent on the issue of whether the Kuwaiti Courts would treat a DIFC Court Judgment (as ratified for enforcement by the Dubai Courts) as a judgment rendered by a GCC member state or a signatory to the Riyadh Convention within the meaning of article 3 of the GCC Convention, or article 31 of the Riyadh Convention.

Arbitration Awards

Kuwait is a party to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**"). A foreign arbitration award will be recognised and enforced in the State of Kuwait (without re-trial or examination of the merits of the case) in accordance with Article 200 of the Code.

Article 200 of the Code provides that foreign arbitration awards are to be recognised and enforced under the same conditions (applied *mutatis mutandis* to foreign arbitration awards) as are applied in respect of the enforcement of foreign judgments under Article 199 of the Code (as detailed above) but in addition also requires that the subject matter of the award must be considered arbitrable under Kuwaiti law and that the award must be enforceable in the jurisdiction in which it was rendered.

The requirement to establish reciprocal enforcement under Article 199 of the Code with respect to recognition and enforcement of arbitration awards issued in England is satisfied as England and Kuwait are both signatories to the New York Convention.

As noted above, enforcement of a foreign arbitration award or foreign judgment in the State of Kuwait requires the filing of an enforcement action in the Kuwaiti courts. The procedures before Kuwaiti courts, including enforcement actions, can take a relatively long time before a final and non-appealable judgment is issued.

As might be expected for a country of its size, there have not been many occasions upon which the Kuwaiti courts have been asked to consider the enforcement of foreign arbitration awards or foreign judgments and so (notwithstanding that on those occasions when they have been asked to do so they have shown that they will follow the provisions of the Code and enforce an arbitration award) there is not a large body of decided cases in which the practical implications of complying with Article 199 of the Code have been analysed.

Arbitration Agreements

The Kuwaiti courts have interpreted a certain Article of Law No. 67 of 1980 Enacting the Civil Code of Kuwait as having the effect that in order for a Kuwaiti company (such as the Guarantor) to validly agree to the resolution of a specific dispute by arbitration, that such company must obtain a special mandate. A special mandate would entail either, (i) ensuring that its Articles of Association permit such company to generally resolve disputes by way of arbitration, or (ii) ensuring that the shareholders of the company

have passed a prior or ratifying shareholders' resolution authorising the company to resolve a specific dispute by way of arbitration.

Additionally, Article 184 of Law No. 1 of 2016 Enacting the Companies Law ("**Companies Code**"), as amended, provides that the Articles of Association of a concerned Kuwaiti company must specify (*inter alia*) that, if applicable to such company, the board of directors of a Kuwaiti company (such as the Guarantor) has the authority to agree to bind the same to the resolution of disputes by way of arbitration.

On 5 June 2014, the Guarantor's Articles of Association were amended to generally permit its board of directors to agree on behalf of the Guarantor to the resolution of disputes by arbitration. However, such amendment will not have retrospective effect and will not be effective to validate arbitration agreements entered into by the Guarantor prior to 5 June 2014. There is some uncertainty as to whether the Guarantor's shareholders must specifically resolve to ratify the Guarantor's prior entry into such agreements or whether it is sufficient that its current board of directors do so. As at the date of this Base Prospectus, the Guarantor has not obtained such ratifying resolution from its shareholders although it has obtained such ratifying resolution from its board of directors. In the absence of such ratifying resolution from its shareholders there can therefore be no assurance that the Kuwaiti courts would enforce the obligation to arbitrate disputes or enforce an arbitration award granted against the Guarantor in connection with a dispute relating to the Notes issued prior to 5 June 2014.

Risks related to the market generally

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

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be liquid. 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, currency 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.

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 of the Notes 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. 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 or the ability of the Issuer or the Guarantor to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on Fixed Rate Notes, this will 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 Issuer, 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.

OVERVIEW OF THE PROGRAMME

The following overview of the Programme 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, is supplemented by the relevant Final Terms. Words and expressions defined in "Forms of the Notes" or "Terms and Conditions of the Notes" below shall have the same meanings in this overview of the Programme.

*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:	Kuwait Projects Co SPC Limited
Issuer Legal Entity Identifier ("LEI")	254900BQTJEWBK1TAN59
Guarantor:	Kuwait Projects Company (Holding) K.S.C.P.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under " <i>Risk Factors</i> ". There are also certain factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee of the Notes. These are also set out under " <i>Risk Factors</i> ". In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under " <i>Risk Factors</i> " and include certain risks relating to the structure of particular Series of Notes and certain market risks.
Arranger:	HSBC Bank plc
Dealers:	Emirates NBD Bank PJSC, First Abu Dhabi Bank PJSC, HSBC Bank plc, J.P. Morgan Securities plc, KAMCO Investment Company K.S.C.P. and MUFG Securities EMEA plc and any other Dealer appointed from time to time by the Issuer and the Guarantor either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Trustee:	BNY Mellon Corporate Trustee Services Limited
Principal Paying Agent:	The Bank of New York Mellon, London Branch
Registrar:	The Bank of New York Mellon acting through its New York office
Final Terms or Drawdown Prospectus:	Notes issued under the Programme may be issued either: (1) pursuant to this Base Prospectus and associated Final Terms; or (2) pursuant to a drawdown prospectus (each a " Drawdown Prospectus ") prepared in connection with a particular Tranche of Notes. For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, supplement the Terms and Conditions of the Notes and this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Terms and Conditions of the Notes as supplemented to the extent

described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Terms and Conditions of the Notes as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus.

Listing and Admission to Trading:

Application has been made to list Notes issued under the Programme on the Official List and to admit them to trading on the London Stock Exchange's Regulated Market and references to listing shall be construed accordingly.

Clearing Systems:

Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.

Initial Programme Amount:

Up to U.S.\$3,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement) aggregate principal amount of Notes outstanding and guaranteed at any one time.

The Issuer and the Guarantor may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.

Issuance in Series:

Notes will be issued in Series (each a "**Series**"). Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of 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.

Forms of Notes:

Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"). Registered Notes will not be exchangeable for Bearer Notes and *vice-versa*.

Each Tranche of Notes issued in bearer form will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Each Tranche of Registered Notes will be in the form of either Individual Note Certificates or a Global Registered Note, in each case as specified in the relevant Final Terms. Each Global Registered Note will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and registered in the name of a nominee for such depositary and will be exchangeable for Individual Note Certificates in accordance with its terms.

Currencies:

Notes may be denominated in U.S. dollars, euro or Renminbi or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.

Notes having a maturity of less than one year:

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 ("FSMA") by the Issuer.

Status of the Notes:

Notes will be issued on an unsubordinated basis.

Status of the Guarantee:

Notes will be unconditionally and irrevocably guaranteed by the Guarantor, on an unsubordinated basis.

Issue Price:

Notes may be issued at any price as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer, the Guarantor and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

Maturities:

Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Redemption:

Subject as described in "*Notes having a maturity of less than one Year*" above, Notes may be redeemable at par or at such other Redemption Amount as may be specified in the relevant Final Terms.

If a Put Event (Restructuring) (as defined in the Conditions) occurs, Notes may be redeemable at par at the option of the relevant Noteholder. See "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption at the option of Noteholders (Restructuring)*".

Optional Redemption:

Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the

extent (if at all) specified in the relevant Final Terms.

Tax Redemption:	Except as described in " <i>Optional Redemption</i> " above, early redemption will only be permitted for tax reasons as described in Condition 9(b) (<i>Redemption and Purchase – Redemption for tax reasons</i>).
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Denominations:	No Notes admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area may be issued under the Programme which have a minimum denomination of less than EUR100,000 (or equivalent in another currency at their issue date). Subject thereto, Notes will be issued in such denominations as may be specified in the relevant Final subject to compliance with all applicable legal and/or regulatory and/or central bank requirements applicable to the relevant Specified Currency (see " <i>Notes having a maturity of less than one year</i> " above).
Negative Pledge:	The Notes will have the benefit of a negative pledge as described in Condition 5 (<i>Covenants</i>).
Cross Default:	The Notes will have the benefit of a cross default provision as described in Condition 12 (<i>Events of Default</i>).
Taxation:	All payments in respect of Notes will be made free and clear of withholding taxes of the United Arab Emirates (including the Dubai International Financial Centre) or Kuwait, as the case may be, unless the withholding is required by law subject to certain exceptions to the extent provided in Condition 11 (<i>Taxation</i>). In that event, the Issuer or (as the case may be) the Guarantor will (subject as provided in Condition 11 (<i>Taxation</i>)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.
Governing Law:	English law.
Ratings of (i) Notes to be issued under the Programme, (ii) the Issuer and (iii) the Guarantor:	<p>The Programme has been rated BBB- by S&P Global Ratings Europe Limited, UAE Branch ("Standard & Poor's") and Baa3 by Moody's Deutschland GmbH ("Moody's"). Each of the Issuer and the Guarantor is rated BBB-/A-3 by Standard & Poor's and Baa3/P-3 by Moody's.</p> <p>Each of Standard & Poor's and Moody's is established in the European Economic Area and is registered under Regulation (EU) No. 1060/2009, as amended (the "CRA Regulation").</p> <p>Tranches (as defined below) of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating and the credit rating agency issuing such rating will be disclosed in the relevant Final Terms, and will not necessarily be the same as the ratings described above or the ratings assigned to Notes already issued. 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.</p>
Selling Restrictions:	For a description of certain restrictions on offers, sales and

deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the United Kingdom, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Bahrain, the State of Kuwait, the Kingdom of Saudi Arabia, the People's Republic of China, Hong Kong and Singapore, see "*Subscription and Sale*" below.

Category 2 selling restrictions will apply for the purposes of Regulation S under the United States Securities Act of 1933, as amended.

The Notes in bearer form will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any substantially identical successor U.S. Treasury regulation section including, without limitation, substantially identical regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**D Rules**") unless (i) the relevant Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any substantially identical successor U.S. Treasury regulation section including, without limitation, substantially identical regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**C Rules**") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the auditors' report and audited financial statements of the Issuer for the financial year ended 31 December 2017 including the notes thereto (pages 1-3 and 4-15 respectively);
- (b) the auditors' report and audited financial statements of the Issuer for the financial year ended 31 December 2018 including the notes thereto (pages 1-3 and 4-19 respectively);
- (c) the auditors' report and audited consolidated financial statements of the Guarantor for the financial year ended 31 December 2017 including the notes thereto (pages 1-8 and 9-81 respectively);
- (d) the auditors' report and audited consolidated financial statements of the Guarantor for the financial year ended 31 December 2018 including the notes thereto (pages 1-9 and 10-96 respectively);
- (e) the auditors' review report and the unaudited interim condensed consolidated financial information of the Guarantor for the three months ended 31 March 2019 including the notes thereto (page 1 and 2-24 respectively);
- (f) the Terms and Conditions of the Notes on pages 25 to 51 (inclusive) of the base prospectus relating to the Issuer's Euro Medium Term Note Programme dated 17 June 2009;
- (g) the Terms and Conditions of the Notes on pages 32 to 65 (inclusive) of the base prospectus relating to the Issuer's Euro Medium Term Note Programme dated 10 October 2013;
- (h) the Terms and Conditions of the Notes on pages 32 to 63 (inclusive) of the base prospectus relating to the Issuer's Euro Medium Term Note Programme dated 7 October 2015;
- (i) the Terms and Conditions of the Notes on pages 32 to 62 (inclusive) of the base prospectus relating to the Issuer's Euro Medium Term Note Programme dated 10 November 2016; and
- (j) the Terms and Conditions of the Notes on pages 35 to 65 (inclusive) of the base prospectus relating to the Issuer's Euro Medium Term Note Programme dated 6 February 2018.

The audited consolidated financial statements of the Guarantor have been prepared in accordance with IFRS. The unaudited interim condensed consolidated financial information of the Guarantor have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Following the publication of this Base Prospectus, a supplement may be prepared by the Issuer and the Guarantor and approved by the FCA in accordance with Article 16 of the Prospectus Directive. 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.

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

Only certain parts of the documents referred to above are incorporated by reference in this Base Prospectus. The non-incorporated parts of the documents referred to above are either not relevant for investors or are covered elsewhere in 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, documents incorporated by reference can be viewed electronically free of charge at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

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.

FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression "**necessary information**" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Guarantor, the rights attaching to the Notes and the Issuer's ability to make payments due under the Notes.

In relation to the different types of Notes which may be issued under the Programme, the Issuer and the Guarantor have endeavoured to include in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, supplement this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions as supplemented to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be a single document containing the necessary information relating to the Issuer and the Guarantor and the relevant Notes.

FORMS OF THE NOTES

Bearer Notes

Each Tranche of Notes in bearer form ("**Bearer Notes**") will initially be in the form of either a temporary global note (the "**Temporary Global Note**"), without interest coupons, or a permanent global note (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") will be deposited on or around the issue date of the relevant Tranche of the Notes with a depository or a common depository for Euroclear Bank SA/NV as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or any other relevant clearing system.

The relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (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 "**TEFRA C Rules**") or United States Treasury Regulation §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 "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than one year, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note at the Specified Office of the Principal Paying Agent; and
- (ii) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership,

within 7 days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; **provided, however, that** in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

The Permanent Global Note will be exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**"):

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or

- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or has in fact done so and no successor clearing system satisfactory to the Trustee is available or (b) any of the circumstances described in Condition 12 (*Events of Default*) occurs.

The Permanent Global Note will also become exchangeable, in whole but not in part and at the option of the Issuer, for Definitive Notes if, by reason of any change in the laws of the United Arab Emirates (including the Dubai International Financial Centre) or Kuwait, the Issuer or the Guarantor is or will be required to make any withholding or deduction from any payment in respect of the Notes which would not be required if the Notes were in definitive form.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Principal Paying Agent within 30 days of the bearer requesting such exchange).

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

In relation to any issue of Notes which are expressed to be Temporary Global Notes exchangeable for Definitive Notes in accordance with this option, such notes may only be issued in denominations equal to, or greater than EUR 100,000 (or equivalent) and integral multiples thereof.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note at the Specified Office of the Principal Paying Agent within 30 days of the bearer requesting such exchange).

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or has in fact done so and no successor clearing system satisfactory to the Trustee is available or (b) any of the circumstances described in Condition 12 (*Events of Default*) occurs.

If the relevant Final Terms specify the form of Notes as "Permanent Global Note exchangeable for Definitive Notes" in circumstances other than "in the limited circumstances specified in the Permanent Global Note", such Notes may only be issued in denominations equal to or greater than EUR 100,000 (or equivalent) and integral multiples thereof.

The Permanent Global Note will also become exchangeable, in whole but not in part and at the option of the Issuer, for Definitive Notes if, by reason of any change in the laws of the United Arab Emirates (including the Dubai International Financial Centre) or Kuwait, the Issuer or the Guarantor is or will be required to make any withholding or deduction from any payment in respect of the Notes which would not be required if the Notes were in definitive form.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Principal Paying Agent within 30 days of the bearer requesting such exchange).

Terms and Conditions applicable to the Bearer Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which supplement those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

Legend concerning United States persons

In the case of any Tranche of Notes where TEFRA D is specified in the applicable Final Terms, the Notes in permanent global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"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."

Registered Notes

Each Tranche of Registered Notes will be in the form of either individual Note Certificates in registered form ("**Individual Note Certificates**") or a global Note in registered form (a "**Global Note Certificate**"), in each case as specified in the relevant Final Terms. Each Global Note Certificate will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and registered in the name of a nominee for such depositary and will be exchangeable for Individual Note Certificates in accordance with its terms.

If the relevant Final Terms specify the form of Notes as being "Individual Note Certificates", then the Notes will at all times be in the form of Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

If the relevant Final Terms specify the form of Notes as being "Global Note Certificate exchangeable for Individual Note Certificates", then the Notes will initially be in the form of a Global Note Certificate which will be exchangeable in whole, but not in part, for Individual Note Certificates if the relevant Final Terms specify "in the limited circumstances described in the Global Note Certificate", then if either of the following events occurs (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or has in fact done so and no successor clearing system satisfactory to the Trustee is available or (b) any of the circumstances described in Condition 12 (*Events of Default*).

Whenever the Global Note Certificate is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Note Certificate to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Note Certificate at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Terms and Conditions applicable to the Registered Notes

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which supplement those terms and conditions.

The terms and conditions applicable to any Global Registered Note will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as supplemented by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

1. Introduction

- (a) **Programme:** Kuwait Projects Co SPC Limited (the "**Issuer**") is the Issuer under a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to U.S.\$3,000,000,000 in aggregate principal amount of notes (the "**Notes**") guaranteed by Kuwait Projects Company (Holding) K.S.C.P. (the "**Guarantor**").
- (b) **Final Terms:** Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of final terms (the "**Final Terms**") which supplement these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail. References in these Conditions to the "relevant Final Terms" are to Part A of the Final Terms (or the relevant provisions thereof).
- (c) **Trust Deed:** The Notes are constituted by an amended and restated trust deed dated 10 November 2016 (as amended or supplemented from time to time) (the "**Trust Deed**") between the Issuer, the Guarantor and BNY Mellon Corporate Trustee Services Limited as trustee (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees appointed under the Trust Deed).
- (d) **Agency Agreement:** The Notes have the benefit of an amended and restated issue and paying agency agreement dated 10 November 2016 (the "**Agency Agreement**") between the Issuer, the Guarantor, the Trustee, The Bank of New York Mellon (acting through its New York office) in its capacity as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in accordance with the Agency Agreement in connection with the Notes), The Bank of New York Mellon in its capacity as the principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in accordance with the Agency Agreement in connection with the Notes) and the paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).
- (e) **The Notes:** All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for inspection by Noteholders during normal business hours at the Specified Office of the Principal Paying Agent, the initial Specified Office of which is set out below.
- (f) **Summaries:** Certain provisions of these Conditions are summaries of the Agency Agreement and the Trust Deed and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Trust Deed applicable to them. Copies of the Agency Agreement and the Trust Deed are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents and the Registrar, the initial Specified Offices of which are set out below.

2. Interpretation

- (a) **Definitions:** In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"Additional Business Centre(s)" means the city or cities specified as such in the relevant Final Terms;

"Additional Financial Centre(s)" means the city or cities specified as such in the relevant Final Terms;

"Business Day" means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre;
- (ii) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong; and
- (iii) in relation to any sum payable in a currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"Business Day Convention", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **"FRN Convention"**, **"Floating Rate Convention"** or **"Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**

(A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

- (v) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"Calculation Agent" means the Principal Paying Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

"CNY" means the lawful currency of the PRC;

"Coupon Sheet" means, in respect of a Note, a coupon sheet relating to the Note;

"Day Count Fraction" means (subject as provided in Condition 6 (*Fixed Rate Note Provisions*) and Condition 7 (*Floating Rate Note Provisions*)), in respect of the calculation of an amount for any period of time (the "Calculation Period"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (i) if "Actual/Actual (ICMA)" is so specified, means:
 - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (b) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (ii) if "Actual/365" or "Actual/Actual (ISDA)" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if "Actual/365 (Fixed)" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if "Actual/360" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"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 is 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; and

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

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

where:

"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; and

- (vii) if "30E/360 (ISDA)" is so specified, means 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.

"Determination Business Day" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, London and in New York City;

"Determination Date" means the day which is two Determination Business Days before the due date for any payment of the relevant amount under these Conditions;

"Early Redemption Amount (Tax)" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"Early Termination Amount" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

"EIBOR" means, in respect of a Emirati Dirham-denominated issuance and any specified period, the interest rate benchmark known as the Emirates Interbank Offered Rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the Central Bank of the United Arab Emirates based on estimated interbank Dirham-denominated borrowing rates on various maturities which are provided by a panel of contributor banks (details of historic EIBOR rates can be obtained from the designated distributor);

"EURIBOR" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

"Event of Default" means any of the events described in Condition 12 (*Events of Default*);

"Extraordinary Resolution" has the meaning given in the Trust Deed;

"Final Redemption Amount" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"Fixed Coupon Amount" has the meaning given in the relevant Final Terms;

"Governmental Authority" means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

"Guarantee" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (iv) any other agreement to be responsible for such Indebtedness;

"Guarantee of the Notes" means the guarantee of the Notes given by the Guarantor in the Trust Deed;

"HIBOR" means, in respect of a Hong Kong Dollar-denominated issuance and any specified period, the interest rate benchmark known as the Hong Kong Interbank Offered Rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the Hong Kong Association of Banks (HKAB) based on estimated interbank Hong Kong Dollar-denominated borrowing rates on various maturities

which are provided by a panel of contributor banks (details of historic HIBOR rates can be obtained from the designated distributor);

"Holder" means a Holder of Registered Notes or, as the context requires, the holder of a Bearer Note or of a Coupon;

"Holder of Registered Notes" means the person in whose name a Registered Note is registered in the Register (or, in the case of a joint holding, the first named thereof);

"Hong Kong" means the Hong Kong Special Administrative Region of the PRC;

"IFRS" means International Financial Reporting Standards (formerly International Accounting Standards) issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the International Financial Reporting Interpretations Committee of IASB (as amended, supplemented or re-issued from time to time);

"Illiquidity" means that the general Renminbi exchange market in Hong Kong has become illiquid and, as a result of which, the Issuer or the Guarantor cannot obtain sufficient Renminbi in order to make a payment under the Notes, as determined by the Issuer or the Guarantor in good faith and in a commercially reasonable manner following consultation (if practicable) with two Renminbi Dealers;

"Inconvertibility" means the occurrence of any event that makes it impossible for the Issuer or the Guarantor to convert any amount due in respect of the Notes into Renminbi on any payment date in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer or the Guarantor to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant series and it is impossible for the Issuer or the Guarantor, due to an event beyond its control, to comply with such law, rule or regulation);

"Indebtedness" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and IFRS, be treated as finance or capital leases;
- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"Interest Amount" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period (other than adjusted Renminbi Fixed Rate Notes);

"Interest Commencement Date" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"Interest Determination Date" has the meaning given in the relevant Final Terms;

"Interest Payment Date" means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention;
- or

- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"Interest Period" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"Investment Grade Rating" means a rating of at least investment grade (BBB-/ Baa3/ BBB-, or their respective equivalents for the time being) from a Rating Agency;

"ISDA Definitions" means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

"Issue Date" has the meaning given in the relevant Final Terms;

"KIBOR" means, in respect of a KD-denominated issuance and any specified period, the interest rate benchmark known as the Kuwait Interbank Offered Rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the Central Bank of Kuwait based on estimated interbank KD-denominated borrowing rates on various maturities which are provided by a panel of contributor banks (details of historic KIBOR rates can be obtained from the designated distributor);

"KLIBOR" means, in respect of a Malaysian Ringgit-denominated issuance and any specified period, the interest rate benchmark known as the Kuala Lumpur Interbank Offered Rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of Bank Negara Malaysia based on estimated interbank Malaysian Ringgit-denominated borrowing rates on various maturities which are provided by a panel of contributor banks (details of historic KLIBOR rates can be obtained from the designated distributor);

"LIBOR" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the British Bankers' Association based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic LIBOR rates can be obtained from the designated distributor);

"Margin" has the meaning given in the relevant Final Terms;

"Maturity Date" has the meaning given in the relevant Final Terms;

"Maximum Redemption Amount" has the meaning given in the relevant Final Terms;

"Minimum Redemption Amount" has the meaning given in the relevant Final Terms;

"Non-transferability" means the occurrence of any event that makes it impossible for the Issuer or the Guarantor to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong (including where the Renminbi clearing and settlement system for participating banks in Hong Kong is disrupted or suspended) or from an account outside Hong Kong to an account inside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer or the Guarantor to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the Relevant Series and it is impossible for the Issuer or the Guarantor, due to an event beyond its control, to comply with such law, rule or regulation);

"Optional Redemption Amount (Call)" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"Optional Redemption Amount (Put)" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"Optional Redemption Date (Call)" has the meaning given in the relevant Final Terms;

"Optional Redemption Date (Put)" has the meaning given in the relevant Final Terms;

"Participating Member State" means a Member State of the European Union which adopts the euro as its lawful currency in accordance with the Treaty;

"Payment Business Day" means:

- (i) if the currency of payment is not euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation or of surrender or endorsement (in the case of Registered Notes), are open for presentation and payment of bearer debt securities or for surrender or endorsement of note certificates and payment, (in the case of Registered Notes), and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre; and
 - (C) in the case of any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong; or
- (ii) if the currency of payment is euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation or of surrender or endorsement (in the case of Registered Notes), are open for presentation and payment of bearer debt securities, or for surrender or endorsement of note certificates and payment, (in the case of Registered Notes), and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre;

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

"PRC" means the People's Republic of China which, for the purpose of these Conditions, shall exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

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

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and

- (ii) in relation to Australian dollars, it means Sydney and, in relation to New Zealand dollars, it means Auckland;

"Put Option Notice" means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Put Option Receipt" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Rate of Interest" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

"Rating Agency" means (i) Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. and its successors and (ii) Moody's Deutschland GmbH and its successors or any other internationally recognised rating agency which has at the request of the Guarantor for the time being assigned a credit rating to the Guarantor;

"Redemption Amount" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

"Reference Banks" means four major banks selected by the Calculation Agent, in consultation with the Issuer, in the market that is most closely connected with the Reference Rate;

"Reference Price" has the meaning given in the relevant Final Terms;

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

- (i) LIBOR;
- (ii) EURIBOR;
- (iii) KIBOR;
- (iv) SHIBOR;
- (v) HIBOR;
- (vi) KLIBOR;
- (vii) TRLIBOR or TRYLIBOR;
- (viii) SIBOR;
- (ix) EIBOR;
- (x) TIBOR; and
- (xi) SAIBOR;

"Register" means the register maintained by the Registrar in respect of the Registered Notes in accordance with the Agency Agreement;

"Registrar" means, in relation to any Series of Registered Notes, The Bank of New York Mellon;

"Regular Period" means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

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

"**Relevant Financial Centre**" has the meaning given in the relevant Final Terms;

"**Relevant Indebtedness**" means any present and future Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is or is capable of being listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, the Reuter Money 3000 Service and the Telerate Service) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Time**" has the meaning given in the relevant Final Terms;

"**Renminbi**" means the lawful currency of the PRC;

"**Renminbi Dealer**" means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong;

"**Reserved Matter**" means any proposal (i) to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity or the date for any such payment; (ii) to effect the exchange or substitution of Notes for, or the conversion of Notes into, shares, bonds or other obligations or securities of the Issuer or the Guarantor or any other person or body corporate formed or to be formed (other than in relation to Condition 16(c) (*Substitution*)); (iii) to change the currency in which amounts due in respect of Notes are payable; (iv) to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution; or (v) to amend this definition;

"**SAIBOR**" means, in respect of a Saudi Arabian Riyal-denominated issuance and any specified period, the interest rate benchmark known as the Saudi Riyal Interbank Offered Rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the Saudi Arabian Monetary Agency through Riyad Bank based on estimated interbank Saudi Arabian Riyal-denominated borrowing rates on various maturities which are provided by a panel of contributor banks (details of historic SAIBOR rates can be obtained from the designated distributor);

"Security Interest" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"SHIBOR" means, in respect of a Renminbi-denominated issuance and any specified period, the interest rate benchmark known as the Shanghai Interbank Offered Rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the National Interbank Funding based on estimated interbank Renminbi-denominated borrowing rates on various maturities which are provided by a panel of contributor banks (details of historic SHIBOR rates can be obtained from the designated distributor);

"SIBOR" means, in respect of a Singapore Dollar-denominated issuance and any specified period, the interest rate benchmark known as the Singapore Interbank Offered Rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the Association of Banks in Singapore based on estimated interbank Singapore Dollar-denominated borrowing rates on various maturities which are provided by a panel of contributor banks (details of historic SIBOR rates can be obtained from the designated distributor);

"Specified Currency" has the meaning given in the relevant Final Terms;

"Specified Denomination(s)" has the meaning given in the relevant Final Terms;

"Specified Office" has the meaning given in the Agency Agreement;

"Specified Period" has the meaning given in the relevant Final Terms;

"Spot Rate" means the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over the counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the Spot Rate at or around 11 a.m. (Hong Kong time) on the Determination Date as the most recently available CNY/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuters Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate;

"Subsidiary" means in relation to any Person (the **"first Person"**) at any particular time, any other Person (the **"second Person"**):

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and IFRS, consolidated with those of the first Person;

"Talon" means a talon for further Coupons;

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

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

"TIBOR" means, in respect of a EuroYen-denominated issuance and any specified period, the interest rate benchmark known as the Tokyo Interbank Offered Rate which is calculated and

published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the Japan Bankers Association based on estimated interbank EuroYen-denominated borrowing rates on various maturities which are provided by a panel of contributor banks (details of historic TIBOR rates can be obtained from the designated distributor);

"**Treaty**" means the Treaty on the Functioning of the European Union, as amended;

"**TRLIBOR**" or "**TRYLIBOR**" means, in respect of a Turkish Lira-denominated issuance and any specified period, the interest rate benchmark known as the Turkish Lira Interbank Offered Rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the Bank Association of Turkey based on estimated interbank Turkish Lira-denominated borrowing rates on various maturities which are provided by a panel of contributor banks (details of historic TRLIBOR or TRYLIBOR rates can be obtained from the designated distributor);

"**U.S. Dollar Equivalent**" means the Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Determination Date; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Final Terms.

(b) **Interpretation:** In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 11 (*Taxation*) or any undertaking given in addition to, or in substitution for, that Condition, any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) or any undertaking given in addition to, or in substitution for, that Condition and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being "outstanding" shall be construed in accordance with the Trust Deed;
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and
- (viii) any reference to the Agency Agreement or the Trust Deed shall be construed as a reference to the Agency Agreement or the Trust Deed, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. **Form, Denomination, Transfer and Title**

Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") as specified in the relevant Final Terms. Registered Notes may not be exchanged for Bearer Notes and *vice-versa*.

- (a) **Notes in Bearer Form:** Bearer Notes are issued in the Specified Denomination(s) with Coupons and, if specified in the form of Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination. Title to the Bearer Notes and the Coupons will pass by delivery. The Holder of any Bearer Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Bearer Note under the Contracts (Rights of Third Parties) Act 1999.
- (b) **Notes in registered form:** Registered Notes are issued in the Specified Denomination(s) and may be held in holdings equal to any specified minimum amount and integral multiples equal to any specified increments (as specified in the relevant Final Terms) in excess thereof (each, an "**Authorised Holding**"). The Holder of each Registered Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder.
- (c) **Register and Transfers of Registered Notes**
- (i) **Register:** The Registrar will maintain the Register in accordance with the provisions of the Agency Agreement. A Note Certificate (as defined in the Trust Deed) will be issued to each Holder of Registered Notes in respect of its holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.
- (ii) **Transfers:** Subject to Conditions 3(c)(v) (*Closed periods*) and 3(c)(vi) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar, together with such evidence as the Registrar may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer **provided, however, that** a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Authorised Holdings. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.
- (iii) **Registration and delivery of Note Certificates:** Within 5 business days of the surrender of a Note Certificate in accordance with Condition 3(c)(ii) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each Holder of Registered Notes at its Specified Office or (at the request and risk of any such relevant Holder of Registered Notes) by uninsured first class mail (airmail if overseas) to the address specified for the purposes by such Holder of Registered Notes. In this paragraph, "**business day**" means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Registrar is located.
- (iv) **No charge:** The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (v) **Closed periods:** Holders of Registered Notes may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.
- (vi) **Regulations concerning transfers and registration:** All transfers of Registered Notes and entries in the Register are subject to the detailed regulations concerning the transfer of

Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Holder of Registered Notes who requests in writing a copy of such regulation.

4. **Status and Guarantee**

- (a) **Status of the Notes:** The Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
- (b) **Guarantee of the Notes:** The Guarantor has in the Trust Deed unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. This Guarantee of the Notes constitutes direct, general and unconditional obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. **Covenants**

- (a) **Negative Pledge:** So long as any Note remains outstanding, neither the Issuer nor the Guarantor shall create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or any Guarantee of any Relevant Indebtedness;

6. **Fixed Rate Note Provisions**

- (a) **Application:** This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Accrual of interest:** The Notes (other than where the specified currency is Renminbi and the applicable Final Terms specify a Business Day Convention to be applicable) bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). In the case of a Fixed Rate Note where the Specified Currency is Renminbi and the applicable Final Terms specifies a Business Day Convention to be applicable (an "**Adjusted Renminbi Fixed Rate Note**"), each Interest Payment Date (and, accordingly, the relevant Calculation Period) will be adjusted (if required) in accordance with the relevant Business Day Convention. Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or, as the case may be, the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) **Fixed Coupon Amount:** The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Specified Denomination of Notes is a multiple of the Calculation Amount, shall be the product of the amount for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.
- (d) **Calculation of interest amount:** The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest for such period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation

Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

7. **Floating Rate Note Provisions**

- (a) **Application:** This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Accrual of interest:** The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is five days after the Principal Paying Agent or, as the case may be, the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such fifth day (except to the extent that there is any subsequent default in payment).
- (c) **Screen Rate Determination:** If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean of such quotations; and
 - (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

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

- (d) **ISDA Determination:** If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin (if any) and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) or on the euro zone inter bank offered rate (EURIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.
- (e) **Maximum or Minimum Rate of Interest:** If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) **Calculation of Interest Amount:** The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (g) **Calculation of other amounts:** If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.
- (h) **Publication:** The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer, the Guarantor, the Paying Agents, the Trustee and the listing authority, stock exchange and/or quotation system by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders in accordance with Condition 19 (*Notices*). The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (i) **Notifications etc:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 (*Floating Rate Note Provisions*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Trustee, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the

Calculation Agent or the Trustee in connection with the exercise or non-exercise by them of their respective powers, duties and discretions for such purposes.

- (j) **Determination or Calculation by Trustee:** If the Calculation Agent fails at any time to determine a Rate of Interest or to calculate an Interest Amount or additional Interest Amount, the Trustee will determine such Rate of Interest and make such determination or calculation which shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply all of the provisions of these Conditions with any necessary consequential amendments to the extent that, in its sole opinion and with absolute discretion, it can do so and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances and will not be liable for any loss, liability, damage, fee, cost, charge or expense which may arise as a result thereof. Any such determination or calculation made by the Trustee shall be binding on the Issuer, the Guarantor, Noteholders and Couponholders.

8. **Zero Coupon Note Provisions**

- (a) **Application:** This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Late payment on Zero Coupon Notes:** If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or, as the case may be, the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9. **Redemption and Purchase**

- (a) **Scheduled redemption:** Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*Payments*).
- (b) **Redemption for tax reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part:
 - (i) at any time (if the Floating Rate Note Provisions are specified in the relevant Final Terms as not being applicable); or
 - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) (1) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the United Arab Emirates (including the Dubai International Financial Centre) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application, official interpretation or enforcement of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

- (B) (1) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) or the Guarantor has or will become obliged to make any such withholding, retention or deduction as is referred to in Condition 11 (*Taxation*) from any amount paid by it to the Issuer in order to enable the Issuer to make a payment of principal or interest in respect of the Notes, in either case as a result of any change in, or amendment to, the laws or regulations of the State of Kuwait or any political subdivision or any authority thereof or therein having power to tax, or any change in the application, official interpretation or enforcement of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes, and (2) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than:

- (1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts or the Guarantor would be obliged to make such withholding, retention or deduction if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made; or
- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts or the Guarantor would be obliged to make such withholding, retention or deduction if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Trustee (A) 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 (B) an opinion in form and substance satisfactory to the Trustee 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 or (as the case may be) the Guarantor has or will become obliged to make such withholding, retention or deduction as a result of such change or amendment. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (A) and (B) above, in which event they shall be conclusive and binding on the Noteholders. Upon the expiry of any such notice as is referred to in this Condition 9(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(b).

- (c) ***Redemption at the option of the Issuer:*** If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer giving not less than 15 nor more than 30 days' notice to the Noteholders and having notified the Trustee prior to the provision of such notice (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (d) ***Partial redemption:***
- (i) ***Partial Redemption of Bearer Notes:*** If the Notes are to be redeemed in part only on any date in accordance with Condition 9(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Trustee approves and in such manner as the Trustee considers appropriate, subject to compliance with applicable law and the rules of the listing authority, stock exchange and/or quotation system by which the Notes have then been admitted to listing, trading and/or quotation, and the notice to Noteholders referred to in Condition 9(c)

(Redemption at the option of the Issuer) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

- (ii) *Partial Redemption of Registered Notes*: If Registered Notes are to be redeemed in part only on any date in accordance with Condition 9(c) *(Redemption at the option of the Issuer)*, each Registered Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Registered Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Registered Notes on such date.
- (e) ***Redemption at the option of Noteholders***: If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of any Noteholder redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(e), the Noteholder must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto, in the case of Bearer Notes, or deposit with the Registrar the relevant Note Certificate relating to such Note, in the case of Registered Notes, and a duly completed Put Option Notice in the form obtainable from any Paying Agent or Registrar, as the case may be. The Paying Agent or the Registrar, as the case may be, with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note or Note Certificate, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note or the Notes evidenced by any Note Certificate becomes immediately due and payable or, upon due presentation of any such Note or Note Certificate on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent or Registrar shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note or Note Certificate at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Bearer Note is held by a Paying Agent in accordance with this Condition 9(e), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.
- (f) ***Redemption at the option of Noteholders (Restructuring)***: If a Put Event (Restructuring) occurs the Issuer or the Guarantor shall give notice to the Noteholders (specifying the nature of the Put Event (Restructuring)), of an optional redemption date (the "**Optional Redemption Date (Restructuring)**") which shall be not less than 50 nor more than 75 days after the date of such notice and the procedure for exercising the option contained in this Condition 9(f), and the Issuer shall, at the option of any Noteholder redeem or, at the Issuer's option, purchase such Note on the Optional Redemption Date (Restructuring) at an amount equal to its principal amount together with (or, where purchased, together with an amount equal to) interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(f), the Noteholder must deliver such Note together with all unmatured Coupons, on any business day falling within the period of 45 days after the notice of a Put Event (Restructuring) is given, at the specified office of any Paying Agent, accompanied by a duly completed non-transferable Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(f), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Restructuring), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Restructuring), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(f),

the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

For the purposes of this Condition 9(f) only:

"business day" means a day on which banks are generally open for business in the State of Kuwait, the United Arab Emirates (including the Dubai International Financial Centre), New York City and in the city where the Specified Office of the Principal Paying Agent is located;

"Group" means the Guarantor and its Subsidiaries for the time being;

A **"Negative Rating Event"** shall be deemed to have occurred in respect of a Restructuring Event if the Guarantor does not within 120 days of a Restructuring Event obtain an Investment Grade Rating;

A **"Put Event (Restructuring)"** will be deemed to have occurred if, for so long as any Note remains outstanding, there occurs a Restructuring Event and within the Restructuring Period (i) if at the time that Restructuring Event occurs there are Rated Securities, a Rating Downgrade in respect of that Restructuring Event occurs; or (ii) if at the time that Restructuring Event occurs there are no Rated Securities, a Negative Rating Event in respect of that Restructuring Event occurs;

"Rated Securities" means any Notes so long as they shall have a solicited rating from any Rating Agency;

A **"Rating Downgrade"** shall be deemed to have occurred in respect of a Restructuring Event if the solicited rating assigned 30 business days prior to the Restructuring Event to the Rated Securities by a Rating Agency is withdrawn or reduced from an Investment Grade Rating to a non-Investment Grade Rating (BB+/Ba1/BB or their respective equivalents for the time being) or worse, or if any Rating Agency shall have already rated the Rated Securities below Investment Grade Rating, the rating of such Rating Agency is lowered by one or more full rating categories (for example, from BB+/Ba1/BB+ to BB/Ba2/BB or such similar lowering);

A **"Restructuring Event"** shall be deemed to have occurred if either:

- (i) any Person or any Persons (other than Al Futtooh Holding Co. K.S.C., any of its shareholders and any of their respective associates (where an associate of an individual is the individual's husband, wife or child or is a relative, or the husband or wife of a relative, of the individual or of the individual's husband or wife) ("**AFI**")) acting in concert or any Person or Persons acting on behalf of any such Person(s) at any time directly or indirectly own(s) or acquire(s) (whether or not approved by the board of directors of the Guarantor) (A) 50 per cent. or more of the issued or allotted ordinary share capital of the Guarantor or (B) such number of shares in the capital of the Guarantor carrying 50 per cent. or more of the voting rights exercisable at general meetings of the Guarantor; or
- (ii) if AFI ceases directly or indirectly to own (A) 30 per cent. or more of the issued or allotted ordinary share capital of the Guarantor or (B) such number of shares in the capital of the Guarantor carrying 30 per cent. or more of the voting rights exercisable at general meetings of the Guarantor;

"Restructuring Period" means the period commencing on the earlier of the date (the **"Restructuring Period Commencement Date"**) of the public announcement of the Restructuring Event or the public announcement of the intention of the relevant Person or Persons to effect a Restructuring Event and ending 120 days after the Restructuring Period Commencement Date (or such longer period for which the Rated Securities or, as the case may be, any Notes are under consideration (such consideration having been announced publicly within the period ending 120 days after the Restructuring Period Commencement Date) for rating review or, as the case may be, rating by a Rating Agency);

- (g) **No other redemption:** The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (Scheduled redemption) to (c) (Redemption at the option of the Issuer) above.
- (h) **Early redemption of Zero Coupon Notes:** Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 9(h) or, if none is so specified, a Day Count Fraction of 30E/360.

- (i) **Purchase:** The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith. Such Notes may be held, resold or, at the option of the purchaser, surrendered to any Paying Agent for cancellation.
- (j) **Cancellation:** All Notes redeemed or surrendered for cancellation and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

10. Payments

(a) **Payments – Bearer Notes**

This Condition 10(a) is only applicable to Bearer Notes.

- (1) **Principal:** Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States (which expression, as used in these Conditions, means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction) by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in London).
- (2) **Interest:** Payments of interest shall, subject to paragraph (8) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (1) above.
- (3) **Payments in New York City:** Payments of principal or interest payable in U.S. dollars may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in U.S. dollars when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to either the Issuer or the Guarantor.

- (4) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**U.S. Internal Revenue Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 11 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (5) *Deductions for unmatured Coupons:* If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Note is presented without all unmatured Coupons relating thereto:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
 - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (1) (*Principal*) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

- (6) *Unmatured Coupons void:* If the relevant Final Terms specifies that this Condition 10(a)(6) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 9(b) (*Redemption for tax reasons*), Condition 9(c) (*Redemption at the option of the Issuer*), Condition 9(e) (*Redemption at the option of Noteholders*), Condition 9(f) (*Redemption at the option of Noteholders (Restructuring)*) or Condition 12 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (7) *Payments on business days:* If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding

Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

- (8) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (3) (*Payments in New York City*) above).
- (9) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (10) *Exchange of Talons:* On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 13 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.
- (11) *Payment of U.S. Dollar Equivalent:* Notwithstanding the foregoing, if by reason of Illiquidity, Inconvertibility or Non-transferability the Issuer or the Guarantor is not able to satisfy payments of principal or interest in respect of the Notes when due in Renminbi in Hong Kong, the Issuer or the Guarantor may, on giving not less than five or more than 30 calendar days' irrevocable notice to the Holders in accordance with Condition 19 (*Notices*) prior to the due date for payment, settle any such payment in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi-denominated amount.
- (12) *Payments in Renminbi:* Notwithstanding the foregoing, any payments in respect of the Notes to be made in Renminbi will be made in accordance with all applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of Renminbi in Hong Kong) by credit or transfer to an account denominated in that currency and maintained by the payee with a bank in Hong Kong.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 10(a) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Paying Agents and all Holders.

(b) ***Payment – Registered Notes***

- (1) This Condition 10(b) is only applicable to Registered Notes.
- (2) *Principal:* Payments of principal shall be made by cheque drawn in the currency in which the payment is due on or, upon application by a Holder of Registered Notes to the specified office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in such currency (or, if that currency is euro, any other account to which euro may be credited or transferred) maintained by the payee with, a bank in the Principal Financial Centre of such currency (in the case of a sterling cheque, a town clearing branch of a bank in London) and (in the case of final redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the specified office of any Paying Agent.
- (3) *Interest:* Payments of interest shall be made by cheque drawn in the currency in which the payment is due on or, upon application by a Holder of Registered Notes to the specified office of the Principal Paying Agent not later than four Payment Business Days before the due date for any such payment, by transfer to an account denominated in such currency (or, if that currency is euro, any other account to which euro may be credited or

transferred) maintained by the payee with, a bank in the Principal Financial Centre of such currency and, in the case of interest payable on redemption upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificate at the specified office of any Paying Agent.

- (4) *Payments subject to fiscal laws:* All payments in respect of the Registered Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code or otherwise imposed pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code, any regulations or agreements thereunder, official interpretations thereof, or (without prejudice to the provisions of Condition 11 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Holders of Registered Notes in respect of such payments.
- (5) *Payments on business days:* Where payment is to be made by transfer to an account, payment instruments (for value the due date, or, if the due date is not a Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payment on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the Payment Business Date immediately preceding the due date for payment. A Holder of Registered Notes shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 10(b)(5) arriving after the due date for payment or being lost in the mail.
- (6) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- (7) *Record date:* Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office (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 due date for such payment, and (ii) where in definitive form at the close of business on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.
- (8) *Payment of U.S. Dollar Equivalent:* Notwithstanding the foregoing, if by reason of Illiquidity, Inconvertibility or Non-transferability, the Issuer or the Guarantor is not able to satisfy payments of principal or interest in respect of the Notes when due in Renminbi in Hong Kong, the Issuer or the Guarantor may, on giving not less than five or more than 30 calendar days' irrevocable notice in accordance with Condition 19 (*Notices*) to the Holders of Registered Notes prior to the due date for payment, settle any such payment in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi-denominated amount.

In such event, payments of the U.S. Dollar Equivalent of the relevant principal or interest in respect of Registered Notes represented by Note Certificates shall be made by a U.S. dollar denominated cheque drawn on a bank in New York City and mailed to the Holder of such Note Certificates at its address appearing in the Register, or, upon application by the Holder to the specified office of the Registrar before the Record Date, by transfer to a U.S. dollar denominated account with a bank in New York City.

- (9) *Payments in Renminbi:* Notwithstanding the foregoing, any payments in respect of the Notes to be made in Renminbi will be made in accordance with all applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of Renminbi in Hong Kong) by credit or transfer to an account denominated in that currency and maintained by the payee with a bank in Hong Kong.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 10(b)(8) (Payment of U.S. Dollar Equivalent) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Paying Agents and all Holders of Registered Notes.

11. **Taxation**

- (a) **Gross up:** All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding, retention or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Arab Emirates (including the Dubai International Financial Centre) or the State of Kuwait or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding, retention or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding, retention or deduction of such amounts as would have been received by them had no such withholding, retention or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:
- (i) presented for payment in the United Arab Emirates (including the Dubai International Financial Centre) or the State of Kuwait; or
 - (ii) of which the Holder is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
 - (iii) presented for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days assuming that day to have been a Payment Business Day.
- (b) **Taxing jurisdiction:** If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the United Arab Emirates (including the Dubai International Financial Centre) or the State of Kuwait respectively, references in these Conditions to the United Arab Emirates (including the Dubai International Financial Centre) or the State of Kuwait shall be construed as references to the United Arab Emirates (including the Dubai International Financial Centre) or (as the case may be) the State of Kuwait and/or such other jurisdiction.
- (c) **FATCA:** Notwithstanding any other provision of these Conditions, in no event will the Issuer or Guarantor be required to pay any additional amounts in respect of the Notes or Coupons for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code or otherwise imposed pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code, any regulations or agreements thereunder, or any official interpretations thereof.

12. **Events of Default**

If any of the following events occurs, then the Trustee at its discretion may and, if so requested in writing by Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject in the case of the happening

of any of the events mentioned in paragraphs (b) (*Breach of other obligations*), (d) (*Unsatisfied judgment*), (i) (*Failure to take action, etc.*) or (j) (*Unlawfulness*) below to the Trustee having certified in writing that the happening of such event is in its opinion materially prejudicial to the interests of the Noteholders and subject, in all cases, to the Trustee having been indemnified or provided with security to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality:

- (a) **Non-payment:** the Issuer fails to pay any amount of principal in respect of the Notes within 5 days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 10 days of the due date for payment thereof; or
- (b) **Breach of other obligations:** the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the Trust Deed or the Guarantee of the Notes and such default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of being remedied, remains unremedied for 30 days or such longer period as the Trustee may agree after written notice thereof has been received by the Issuer and the Guarantor from the Trustee; or
- (c) **Cross-default of Issuer or Guarantor:**
 - (i) any Indebtedness of the Issuer or the Guarantor is not paid when due or (as the case may be) within any originally applicable grace period;
 - (ii) any such Indebtedness becomes or is declared due and payable prior to its stated maturity otherwise than at the option of the Issuer or the Guarantor or (provided that no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or
 - (iii) the Issuer or the Guarantor fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds U.S.\$20,000,000 (or its equivalent in any other currency or currencies); or
- (d) **Unsatisfied judgment:** one or more final judgment(s) or order(s) for the payment of any amount exceeding U.S.\$20,000,000 is rendered against the Issuer or the Guarantor and continue(s) unsatisfied and unstayed for a period of 21 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) **Security enforced:** a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or substantially the whole of the undertaking, assets and revenues of the Issuer or the Guarantor; or
- (f) **Insolvency, etc.:** (i) the Issuer or the Guarantor becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer or the Guarantor or the whole or substantially the whole of the undertaking, assets and revenues of the Issuer or the Guarantor is appointed (or application for any such appointment is made), (iii) the Issuer or the Guarantor takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it or (iv) the Issuer or the Guarantor ceases or threatens to cease to carry on all or substantially the whole of its business; or
- (g) **Winding up, etc.:** an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or the Guarantor; or
- (h) **Analogous event:** any event occurs which under the laws of the United Arab Emirates (including the Dubai International Financial Centre) or the State of Kuwait has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (g) (*Winding up, etc.*) above; or

- (i) **Failure to take action, etc.:** any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes and the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons and the Trust Deed admissible in evidence in the courts of the United Arab Emirates (including the Dubai International Financial Centre) and the State of Kuwait is not taken, fulfilled or done; or
- (j) **Unlawfulness:** it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed; or
- (k) **Controlling shareholder:** the Issuer ceases to be a Subsidiary of the Guarantor; or
- (l) **Guarantee not in force:** the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect.

13. Prescription

- (a) **Bearer Notes:** Claims for principal in respect of Bearer Notes shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.
- (b) **Registered Notes:** Claims for principal on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date. Claims for interest on redemption shall become void unless the relevant Note Certificates are surrendered for payment within five years of the appropriate Relevant Date.

14. Replacement of Notes, Note Certificates and Coupons

If any Note, Note Certificate or Coupon is 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 the Registrar, in the case of Registered Notes (and, if the listing authority, stock exchange and/or quotation system requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by the listing authority, stock exchange and/or quotation system), subject to all applicable laws and listing authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Note Certificates or Coupons must be surrendered before replacements will be issued.

15. Trustee, Agents and Registrar

Under the Trust Deed, the Trustee is entitled to be indemnified to its satisfaction before taking certain actions, including taking enforcement proceedings, and is also entitled to be relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity relating to the Issuer or the Guarantor without accounting for any profit.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual Holders of Notes or Coupons as a result of such Holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer, the Guarantor and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and Registrar and their respective initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer and the Guarantor reserve the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Paying Agent or any Registrar and to appoint a successor Principal Paying Agent or Calculation Agent and additional or successor paying agents or Registrars; provided, however, that:

- (a) the Issuer and the Guarantor shall at all times maintain a Principal Paying Agent and a Registrar outside the United Kingdom; and
- (b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer and the Guarantor shall at all times maintain a Calculation Agent for that Series of Notes; and
- (c) for so long as the Notes are admitted to listing, trading and/or quotation and the listing authority, stock exchange and/or quotation system requires the appointment of a Paying Agent and/or a Registrar in any particular place, the Issuer and the Guarantor shall maintain a Paying Agent and/or a Registrar each with a Specified Office in the place required by such listing authority, stock exchange and/or quotation system.

Notice of any change in any of the Paying Agents or the Registrar or in their Specified Offices shall promptly be given to the Noteholders.

16. **Meetings of Noteholders; Modification and Waiver**

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, one or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; provided, however, that Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) **Modification and waiver:** The Trustee may, without the consent of the Noteholders or the Couponholders agree to any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and to any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the Noteholders or Couponholders authorise or waive any proposed breach or breach of the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders as soon as practicable thereafter.

- (c) **Substitution:** The Trust Deed contains provisions under which the Guarantor or any other company may, without the consent of the Noteholders or Couponholders assume the obligations of the Issuer as principal debtor under the Trust Deed and the Notes provided that certain conditions specified in the Trust Deed are fulfilled.

No Noteholder or Couponholder shall, in connection with any substitution, be entitled to claim any indemnification or payment in respect of any tax consequence thereof for such Noteholder or (as the case may be) Couponholder except to the extent provided for in Condition 11 (*Taxation*) (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Trust Deed).

17. **Enforcement**

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes, but it shall not be bound to do so unless:

- (a) it has been so requested in writing by the holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
- (b) it has been indemnified or provided with security to its satisfaction.

No Noteholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

18. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. The date on which the Notes are consolidated and form a single series is either the Issue Date or, in the case of Bearer Notes which are issued initially in the form of a temporary global note, the date on which the temporary global note is exchanged for the permanent global note, each as specified in the applicable Final Terms. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed.

19. **Notices**

Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the Financial Times) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

Notices to Holders of Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an overseas address) by airmail to them (or, in the case of joint Holders, to the first-named in the Register) at their respective addresses as recorded in the Register, and will be deemed to have been validly given on the fourth Business Day after the date of such mailing.

20. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each

Noteholder and the Trustee on the written demand of such Noteholder or the Trustee addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Principal Paying Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder or the Trustee may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

21. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

22. **Governing Law and Jurisdiction**

- (a) **Governing law:** The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with the Notes and the Trust Deed are governed by English law.
- (b) **Arbitration:** Subject to Condition 22(c) (*Option to litigate*), any dispute arising out of or in connection with the Notes or the Trust Deed (including a dispute regarding their existence, validity or termination or the consequences of their nullity or any non-contractual obligation arising out of or in connection with them) (a "**Dispute**") shall (regardless of the nature of the Dispute) be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration ("**LCIA**") (the "**Rules**"), as amended from time to time and by the rest of this Condition:
- (i) The arbitral tribunal shall consist of three arbitrators.
 - (ii) Within 15 days from receipt by the registrar of the LCIA of the response to the request for arbitration, the claimant(s) – irrespective of their number - shall nominate jointly one arbitrator and the respondent(s) – irrespective of their number - shall nominate jointly the second arbitrator. The chairman of the arbitral tribunal shall be nominated by the two party nominated arbitrators within 15 days of the last of their appointments.
 - (iii) In the event that the claimant(s) or the respondent(s) fail to nominate an arbitrator or the party nominated arbitrators fail to agree the chairman of the arbitral tribunal within the time limits specified in this Condition, the LCIA court shall, at the written request of the claimant(s) or the respondent(s), make such appointment forthwith.
 - (iv) The seat of the arbitration shall be London, England and all hearings shall take place in London, England.
 - (v) The language of the arbitration shall be English.
 - (vi) The parties waive any right of application to determine a preliminary point of law under section 45 and to appeal on a question of law under section 69 of the Arbitration Act 1996.
 - (vii) Upon request of a party to a Dispute or any party to the Notes or the Trust Deed which itself wishes to be joined to any reference to arbitration proceedings in relation to a Dispute, the arbitral tribunal may join any party to the Notes or the Trust Deed to any reference to arbitration proceedings in relation to that Dispute between them. Each of

the parties to the Notes hereby consents to be joined to any reference to arbitration proceedings in relation to any Dispute at the request of a party to that Dispute, and to accept the joinder of a party requesting to be joined pursuant to this Condition 22(b)(vii).

(c) ***Option to litigate***

Before the Trustee (or, but only where permitted to take action in accordance with Condition 17, any Noteholder) has filed a Request for arbitration or Response as defined in the Rules (as the case may be), the Trustee (or any Noteholder) may by notice in writing to the Issuer and the Guarantor require that a Dispute between it and the Issuer and/or the Guarantor be heard by a court of law. If the Trustee (or any Noteholder) gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 22(d) (*Jurisdiction of the courts*).

(d) ***Jurisdiction of the courts***

In the event that the Trustee or any Noteholder issues a notice pursuant to Condition 22(c) (Option to litigate), the following provisions shall apply:

- (i) Subject to Condition 22(b) (*Arbitration*), the courts of England and the courts of the Dubai International Financial Centre at the option of the Trustee or any Noteholder shall have exclusive jurisdiction to settle any Dispute.
- (ii) The Issuer and/or the Guarantor agree that the courts of England and the courts of the Dubai International Financial Centre are the most appropriate and convenient courts to settle any Dispute and, accordingly, that they will not argue to the contrary.
- (iii) This Condition 22(d) is for the benefit of the Trustee and the Noteholders only. As a result, and notwithstanding Condition 22(d)(i) above, the Trustee or any Noteholder may take proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the Trustee or any Noteholder may take concurrent Proceedings in any number of jurisdictions.

- (e) ***Process agent***: In the Trust Deed the Issuer and the Guarantor have each agreed that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to United Gulf Management Limited at 7 Old Park Lane, London W1Y 3LJ or, if different, its registered office for the time being in England or at any address of the Issuer or the Guarantor (as the case may be) in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such persons are not or cease to be effectively appointed to accept service of process on behalf of the Issuer or the Guarantor (as the case may be), the Issuer or the Guarantor (as the case may be) shall, on the written demand of the Trustee addressed and delivered to the Issuer or the Guarantor (as the case may be) or to the Specified Office of the Principal Paying Agent, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the Trustee shall be entitled to appoint such a person by written notice addressed to the Issuer or the Guarantor (as the case may be) and delivered to the Issuer or the Guarantor (as the case may be) or to the Specified Office of the Principal Paying Agent. Nothing in this paragraph shall affect the right of any Noteholder or the Trustee to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly completed to reflect the particular terms of the relevant Notes and their issue.

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

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore – The Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and [Excluded Investment Products]/[Specified Investment Products] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

Final Terms dated []

KUWAIT PROJECTS CO SPC LIMITED

Legal entity identifier ("**LEI**"): 254900BQTJEWBK1TAN59

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Guaranteed by

Kuwait Projects Company (Holding) K.S.C.P.

under the U.S.\$3,000,000,000

Euro Medium Term Note Programme

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 23 May 2019 (the "**Base Prospectus**") [and the supplement(s) to the Base Prospectus dated []] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC, as amended or superseded (the "**Prospectus Directive**"). This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus [as so supplemented].

Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of a combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the supplemental Base Prospectus] is available for viewing at The Bank of New York Mellon, London Branch, One Canada Square, London E14 5AL, United Kingdom and <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> and during normal business hours copies may be obtained from The Bank of New York Mellon, London Branch,

One Canada Square, London E14 5AL, United Kingdom. The Base Prospectus has been published on the London Stock Exchange's website in accordance with Article 14 of the Prospectus Directive.

The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date and the relevant terms and conditions from that base prospectus with an earlier date were incorporated by reference in this Base Prospectus.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Prospectus dated [original date] which are incorporated by reference in the Prospectus dated 23 May 2019. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC, as amended or superseded (the "**Prospectus Directive**") and must be read in conjunction with the Prospectus dated 23 May 2019 [and the supplement(s) to it dated [date]] 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 23 May 2019 [and the supplement(s) to the Base Prospectus dated [date]]. The Base Prospectuses [and the supplement(s) to the Base Prospectus] are available for viewing at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> and during normal business hours at The Bank of New York Mellon, London Branch, One Canada Square, London E14 5AL, United Kingdom and copies may be obtained from The Bank of New York Mellon, London Branch, One Canada Square, London E14 5AL, United Kingdom. The Base Prospectus has been published on the London Stock Exchange's website in accordance with Article 14 of the Prospectus Directive.

- | | | |
|----|---|---|
| 1. | (i) Issuer: | Kuwait Projects Co SPC Limited |
| | (ii) Guarantor: | Kuwait Projects Company (Holding) K.S.C.P. |
| 2. | [(i) [Series Number:]] | [] |
| | (ii) [Tranche Number:] | [] |
| | (iii) Date on which the Notes become fungible | [Not Applicable/[insert date]] |
| 3. | Specified Currency or Currencies: | [[Emirati Dirham]/[euro]/[EuroYen]/[Great British Pound]/[Hong Kong Dollar]/[Kuwaiti Dinars]/[Malaysian Ringgit]/[Renminbi]/[Saudi Arabian Riyal]/[Singapore Dollar]/[Turkish Lira]/[U.S. Dollars]/[]] |
| 4. | Aggregate Nominal Amount: | [] |
| | (i) [[Series:]] | [] |
| | (ii) [Tranche:] | [] |
| 5. | Issue Price: | [] per cent. of the Aggregate Nominal Amount [plus accrued interest from []] |
| 6. | (i) Specified Denominations: | [] |
| | (ii) Calculation Amount: | [] |
| 7. | (i) Issue Date: | [] |

- (ii) Interest Commencement Date: [[]/Issue Date/Not Applicable]
8. Maturity Date: [[]/Interest Payment Date falling on or nearest to []]
9. Interest Basis: [per cent. Fixed Rate]
[[*specify Reference Rate*] +/- [] per cent.
[Floating Rate]
[Zero Coupon]
(further particulars specified at paragraphs 14-16)]
10. Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount]
11. Change of Interest/Payment Basis: Not Applicable
12. Put/Call Options: [Investor Put] [Investor Put – Restructuring]
[Issuer Call]
[Not Applicable]
[(further particulars specified at paragraphs 17-18)]
13. [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [[] [and [], respectively]]/Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions: [Applicable/Not Applicable]
- (i) Rate[(s)] of Interest: [] per cent. per annum payable on each Interest Payment Date
- (ii) Interest Payment Date(s): [] in each year [in each year up to and including the Maturity Date [adjusted in accordance with the Modified Following Business Day Convention]/*specify other*]
- (iii) Fixed Coupon Amount[(s)]: [] per Calculation Amount
- (iv) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [] [Not Applicable]
- (v) Day Count Fraction: [Actual/Actual (ICMA) / Actual/365 (fixed) / Actual/365 / Actual/Actual (ISDA) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360 (ISDA)/ other]
- (vi) Determination Date: [[] in each year/Not Applicable]
15. Floating Rate Note Provisions: [Applicable/Not Applicable]
- (i) Interest Period(s): []
- (ii) Specified Period: [[]/Not Applicable]
- (iii) Specified Interest Payment Dates: [[]/Not Applicable]
- (iv) [First Interest Payment Date]: []

- (v) Business Day Convention: [[Following Business Day Convention]/[Modified Following Business Day Convention]/ [Preceding Business Day Convention]/ [Floating Rate Convention]/ [No Adjustment]]
- (vi) Additional Business Centre(s): [[]/Not Applicable]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (viii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Principal Paying Agent): [[] shall be the Calculation Agent/Not Applicable]
- (ix) Screen Rate Determination:
- Reference Rate: [[] month LIBOR/EURIBOR/KIBOR/SHIBOR/HIBOR/ KLIBOR/TRLIBOR/TRYLIBOR/SIBOR/EIBOR/TIBOR/ SAIBOR]
 - Interest Determination Date(s): []
 - Relevant Screen Page: []
 - Relevant Time: []
 - Relevant Financial Centre: []
- (x) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (xi) Margin(s): [+/-][] per cent. per annum
- (xii) Minimum Rate of Interest: [] per cent. per annum
- (xiii) Maximum Rate of Interest: [] per cent. per annum
- (xiv) Day Count Fraction: []
16. Zero Coupon Note Provisions: [Applicable/Not Applicable]

- (i) [Amortisation/
Accrual] Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Day Count Fraction: [Actual/Actual (ICMA) / Actual/360 / Actual/365 (fixed)
Actual/365 / Actual/Actual (ISDA) / Actual/360 / 30/360 /
360/360 / Bond Basis / 30E/360 / Eurobond Basis / 30E/360
(ISDA) / other]

PROVISIONS RELATING TO REDEMPTION

- 17. Call Option: [Applicable/Not Applicable]
 - (i) Optional Redemption Date(s): []
 - (ii) Optional Redemption Amount(s): [] per Calculation Amount
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [] per Calculation Amount
 - (b) Maximum Redemption Amount: [] per Calculation Amount
- 18. Put Option:
 - (i) Optional Redemption Date(s): []
 - (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [] per Calculation Amount
- 19. Final Redemption Amount of each Note: [] per Calculation Amount
- 20. Early Redemption Amount:

Early Redemption Amount(s) of each Note available on redemption for taxation reasons or on event of default: [Not Applicable/[] per Calculation Amount]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 21. Form of Notes: **[Bearer Notes:**

Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]

[Temporary Global Note exchangeable for Definitive Notes on [] days' notice.]

[Permanent Global Note exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note].]

[Registered Notes:

Global Note Certificate exchangeable for Individual Note Certificates in the limited circumstances described in the Global Note Certificate]

- 22. Additional Financial Centre(s): [[]/Not Applicable]
- 23. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No]
- 24. U.S. Selling Restrictions: [Reg. S Category 2]; [TEFRA C/TEFRA D/ TEFRA not applicable]
- 25. Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

THIRD PARTY INFORMATION

[[] has been extracted from []. 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 [], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:
Duly authorised

Signed on behalf of the Guarantor:

By:
Duly authorised

PART B – OTHER INFORMATION

26. LISTING

- (i) Listing and Admission to trading: Application 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 listing on the Official List of the UK Listing Authority with effect from [].
- (ii) Estimate of total expenses related to admission to trading: []

27. RATINGS

Ratings: The Notes to be issued have been rated:
[S & P: []]
[Moody's: []]

28. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

"Save as discussed in ["*Subscription and Sale*"], so far as the Issuer and the Guarantor are aware, no person involved in the offer of the Notes has an interest material to the offer."

29. [*Fixed Rate Notes Only* – YIELD

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.]

30. OPERATIONAL INFORMATION

ISIN Code: []

Common Code: []

CFI: [[See/[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

FISN: [[See/[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [[]/Not Applicable]

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

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note or a Global Note Certificate, references in the Terms and Conditions of the Notes to "**Noteholder**" are references to the bearer of the relevant Global Note or registered holder of a Global Note Certificate which, for so long as the Global Note or Global Note Certificate is held by, or as the case may be, registered in the name of a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer or the Guarantor to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer or the Guarantor in respect of payments due under the Notes and such obligations of the Issuer and the Guarantor will be discharged by payment to the bearer of the Global Note.

Exchange of Temporary Global Notes

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure:

- (a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated, to the bearer of the Temporary Global Note; or
- (b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and received by the Principal Paying Agent against presentation and (in the case of final exchange) surrender of the Temporary Global Note at the Specified Office of the Principal Paying Agent within 7 days of the bearer requesting such exchange.

Whenever a Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note at the Specified Office of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

If:

- (a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or
- (c) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all

accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such thirtieth day (in the case of (b) above) or at 5.00 p.m. (London time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Trust Deed). Under the Trust Deed, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Exchange of Permanent Global Notes

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms) in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Trust Deed). Under the Trust Deed, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Exchange of Global Note Certificates

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the holder of the Global Note Certificate to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Note Certificate at the specified office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in

particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

- (a) Individual Note Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after they are due to be issued and delivered in accordance with the terms of the Global Note Certificate; or
- (b) any of the Notes represented by a Global Note Certificate (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the holder of the Global Note Certificate in accordance with the terms of the Global Note Certificate on the due date for payment,

then the Global Note Certificate (including the obligation to deliver Individual Note Certificates) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the holder of the Global Note Certificate will have no further rights thereunder (but without prejudice to the rights which the holder of the Global Note Certificate or others may have under the Trust Deed). Under the Trust Deed, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note Certificate will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Note Certificate became void, they had been the holders of Individual Note Certificates in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Conditions applicable to Global Notes

Each Global Note and Global Note Certificate will contain provisions which modify the Terms and Conditions of the Notes as they apply to such Global Note or Global Note Certificate. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note at the Specified Office of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that the same is noted in a schedule thereto.

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

Whilst the Notes are in Global Form, "**Payment Business Day**" means:

- (a) if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is Renminbi, any day on which commercial banks and foreign exchange markets are open for business in Hong Kong and on which commercial banks in Hong Kong are open for business and settlement of Renminbi payments; or
- (c) if the currency of payment is not euro or Renminbi, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Exercise of put option: In order to exercise the option contained in Condition 9(e) (*Redemption at the option of Noteholders*) the bearer of the Permanent Global Note or the registered holder of a Global Note Certificate must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Principal Paying Agent or, as the case may be, the Registrar specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 9(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions.

Notices: Notwithstanding Condition 19 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or evidenced by a Global Note Certificate and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with or the registered holder of a Global Note Certificate is a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 19 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

USE OF PROCEEDS

The net proceeds of the issue of each Tranche of Notes will be applied by the Issuer and/or the Guarantor for its general corporate purposes, which include making a profit.

DESCRIPTION OF THE ISSUER

GENERAL

The Issuer was incorporated in the Dubai International Financial Centre on 27 October 2016 as a special purpose company under the Companies Law, DIFC Law No. 2 of 2009 and the Special Purpose Company Regulations and with registered number 2295. The registered office of the Issuer is Unit C1404, Level 14, Burj Daman, Dubai International Financial Centre, Dubai, 506513, United Arab Emirates and its telephone number is +971 4 363 7999. As at the date of this Base Prospectus, the authorised share capital of the Issuer was one hundred United States Dollars (U.S.\$100) divided into 100 ordinary shares of nominal or par value of U.S.\$1.00 each. The Issuer is a wholly-owned subsidiary of the Guarantor.

BUSINESS

The Issuer was formed as a special purpose company used as the Issuer of the Notes and as of 10 November 2016, was substituted in place of KUWAIT PROJECTS CO. (CAYMAN) as issuer in respect of all outstanding Notes issued under this Programme (the "**Substitution**"). All funds raised by the Issuer are (and will be going forward) on-lent to the Guarantor and the Issuer is (and will be going forward) therefore dependent on repayment of principal and interest from the Guarantor for the purposes of meeting its obligations under the Notes.

ADMINISTRATION

Walkers Corporate (Dubai) Limited acts as the corporate service provider of the Issuer (in such capacity, the "**Corporate Service Provider**"). The office of the Corporate Service Provider serves as the general business office of the Issuer. Through the office, and pursuant to the terms of a corporate services agreement dated 7 November 2016 entered into between the Issuer and the Corporate Service Provider (the "**Corporate Services Agreement**"), the Corporate Service Provider has agreed to perform in the United Arab Emirates and/or such other jurisdiction as may be agreed by the parties from time to time various management functions on behalf of the Issuer and the provision of certain registered office, clerical, administrative and other services until termination of the Corporate Services Agreement. In consideration of the foregoing, the Corporate Service Provider will receive various fees payable by the Issuer at rates agreed upon from time to time, plus expenses.

The terms of the Corporate Services Agreement provides that either the Issuer or the Corporate Service Provider may terminate such agreements upon the occurrence of certain stated events, including any breach by the other party of its obligations under such agreement. In addition, the Corporate Services Agreement provides that either party shall be entitled to terminate such agreements by giving at least three months' notice in writing to the other party.

The Corporate Service Provider will be subject to the overview of the Issuer's board of directors. The Corporate Service Provider's principal office is Unit C1404, Level 14, Burj Daman, Dubai International Financial Centre, Dubai, 506513, United Arab Emirates.

Two of the three directors of the Issuer are employees and/or officers of an affiliate of the Corporate Service Provider. The Issuer has no employees and is not expected to have any employees in the future.

DIRECTORS

The Directors of the Issuer are as follows:

Name	Function
Kirstie Krypner	Director
Gennie Bigord	Director
Faisal Hamad Al-Ayyar	Director

Each of Kirstie Krypner and Gennie Bigord are employees and/or officers of the Corporate Service Provider. Their business address is Unit C1404, Level 14, Burj Daman, Dubai International Financial Centre, Dubai, 506513, United Arab Emirates. The business address of Faisal Hamad Al-Ayyar is P.O. Box 23982, Safat 13100, State of Kuwait.

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

DESCRIPTION OF THE GUARANTOR

INTRODUCTION

Incorporation

Kuwait Investment Projects Company K.S.C.P. was incorporated as a closed shareholding company on 2 August 1975 under Article 94 of the Kuwaiti Commercial Companies Code, Law No. 15 1960 as amended. It was registered under commercial registration number 23118 on 15 November 1979. On 29 September 1999, it changed its structure to that of a holding company and amended its name to Kuwait Projects Company (Holding) K.S.C. (Closed). On 11 September 2014, it amended its Articles of Association to comply with a new Kuwait Companies Law, Law No. 25 of 2012 (as amended) (the "**Companies Law**"), and it is now designated as Kuwait Projects Company (Holding) K.S.C.P. (hereinafter referred to as the "**Parent Company**", "**KIPCO**" or the "**Guarantor**").

Registered Office

The Guarantor's registered office is P.O. Box 23982, Safat 13100, State of Kuwait, telephone number: +965 1805 885.

Listing

The Guarantor's shares are listed on the Boursa Kuwait ("**Boursa Kuwait**").

At the close of the Boursa Kuwait on 31 March 2019, the Guarantor's share price was KD 0.220 (U.S.\$0.723)¹ per share, giving it a market capitalisation of KD 333.1 million (U.S.\$1,095.1 million). The Guarantor's shares are actively traded on the Boursa Kuwait and represented 0.7 per cent. of the total traded value for the last 12 months ending 31 March 2019, as reported by Boursa Kuwait.

CAPITAL STRUCTURE AND SHAREHOLDERS

Authorised Capital

As at 31 March 2019, the Guarantor's authorised capital was KD 200.0 million (U.S.\$659.4 million)¹, consisting of 2,000,000,000 shares of KD 0.100 (U.S.\$0.330)¹ each.

Ownership

The Guarantor's principal shareholder is Al Futtooh Holding Company K.S.C. (Closed) ("**AFH**"), a Kuwaiti holding company owned by members of the Kuwaiti ruling family, with a direct holding of 44.7 per cent. as at 31 December 2018. The remainder of the shares are primarily held by financial institutions, equity funds, high net worth individuals and retail investors.

The table below sets out the percentage holdings of the Guarantor's shareholders as at 31 December 2018:

Per cent. Holding

Al Futtooh Holding Company K.S.C. (Closed)	44.7
Investment Companies and other corporates	43.7
Retail Investors.....	4.5
High Net Worth Individuals.....	2.0
Investment Funds	3.0
Treasury Shares	2.1

HISTORY

The Guarantor acquired shares in United Gulf Bank B.S.C. ("**United Gulf Bank**" or "**UGB**") in 1988. In 2017, UGB had undergone a corporate reorganisation whereby its regulated banking activities were segregated from its non-regulated services. For this purpose, the Guarantor incorporated a public

¹ All figures in KD as of 31 March 2019 and as of 31 December 2018 have been converted into U.S.\$ at the exchange rates prevailing on those dates, that is (U.S.\$:KD=1:0.3042) as of 31 March 2019 and (U.S.\$:KD =1:0.3033) as of 31 December 2018 respectively

shareholding company in the Kingdom of Bahrain in the name of United Gulf Holding Company B.S.C. ("UGH") which acquired a 100 per cent. shareholding of UGB's regulated banking business. As at 31 December 2018, the effective interest held by the Guarantor and its subsidiaries (the "Group") in UGH was 93.0 per cent. The Guarantor acquired a significant shareholding in Burgan Bank K.P.S.C. ("**Burgan Bank**") in 1995 (as at 31 December 2018, the Group's effective interest in Burgan Bank was 63.2 per cent.) and Gulf Insurance Group K.S.C.P. ("**Gulf Insurance Group**" or "**GIG**") in 1996 (as at 31 December 2018, the Group's effective interest in GIG was 45.4 per cent.). As part of its strategy to invest in promising under-served sectors, the Guarantor established a satellite pay-TV operator, Gulf DTH LDC ("**Gulf DTH (Showtime)**" or "**Showtime**"), with Viacom Inc. in 1995. Effective as at 31 July 2009, KIPCO entered into a joint venture by merging the operations of Showtime with the operations of the Orbit pay-TV business under a new holding company called Panther Media Group Ltd ("**Panther Media**" or "**PMG**"). PMG operates under the brand name "**OSN**". As at 31 December 2018, the effective interest held by the Group in PMG was 60.5 per cent. In addition, the Guarantor has built a portfolio of operating companies in the real estate, industrial and services sectors. The Guarantor has held a stake in United Real Estate Company S.A.K.P. ("**United Real Estate Company**" or "**URC**") since 1994 through its subsidiaries and associates, which it increased by way of direct investment through subscription to URC's rights issue in 2010 (as at 31 December 2018, the Group's effective interest in URC was 72.5 per cent.).

OPERATING ENVIRONMENT

The Group and its associates operate in the MENA region and Turkey, characterised by a growing population, varying levels of per capita income and relatively nascent markets presenting significant business and investment opportunities.

The majority of the assets of the Group and its associates are located in the Gulf Cooperation Council ("**GCC**") economies, which are all A or above rated stable economies, except for Bahrain and Oman. Bahrain is rated B2 and B+ respectively by Moody's Investor Service and S&P Global Ratings, whereas Oman is rated B1 and B+ respectively by Moody's Investor Service and S&P Global Ratings. These economies offer a market for premium goods and services derived from their high per capita income and favourable demographic trends. A number of these countries are major oil and/or gas producers.

The following table sets out the key socio-economic indicators for the GCC economies:

Country	Population (in millions)	Population Growth Rate (per cent. per annum)	GDP Growth Rate (per cent. per annum)**	GDP Per Capita Income (PPP in U.S.\$)	Proven Oil Reserve (Billion barrels)#
Bahrain	1.5	2.8	2.8	44,427	0.1
Kuwait	4.7	3.1	0.8	59,362	101.5
Oman	4.4	3.4	2.4	40,591	5.4
Qatar*	2.8	4.4	2.4	117,575	25.2
Saudi Arabia.....	33.9	1.9	1.8	49,622	266.5
UAE.....	10.7	2.9	2.7	61,550	97.8

As of January, 2018 (estimated)

* Also has a large gas reserve

** GDP at constant-prices

The above figures have been extracted from the World Economic Outlook published by the International Monetary Fund (the "**IMF**") in April 2019. The population growth rate and the GDP growth rate have been calculated as the compounded annual growth rates for the period 2014 to 2019. Figures for Proven Oil Reserves have been extracted from the 2018 World Fact Book published by the Central Intelligence Agency (the "**CIA**"). The above information has been accurately reproduced and, as far as the Guarantor is aware and is able to ascertain from the information published by the IMF and the CIA, no facts have been omitted which would render the reproduced information inaccurate or misleading.

In addition to the GCC economies, the Group and its associates also have investments in other Middle Eastern (non-GCC) and North African economies. These economies are characterised by a large population base and offer mass markets with low penetration.

The table below sets out the key socio-economic indicators for the other Middle Eastern (non-GCC) and North African economies:

Country	Population (in millions)	Population Growth Rate (per cent. per annum)	GDP Growth Rate (per cent. per annum) **	GDP Per Capita Income (PPP in U.S.\$)
Algeria	43.4	2.1	2.5	13,769
Egypt	99.2	2.7	4.7	12,252
Jordan	10.1	2.7	2.1	8,429
Lebanon	6.1	1.6	0.8	13,282
Syria.....	21.4	0.0	0.0	6,507
Tunisia	11.8	1.1	1.9	11,180
Turkey	83.0	1.3	3.3	23,922

** GDP at constant-prices

The above figures have been extracted from the World Economic Outlook published by the IMF in April 2019. The population growth rate and GDP growth rate have been calculated as the compounded annual growth rates for the period 2014 to 2019, except for Syria, for which the information presented is for the period 2010. The above information has been accurately reproduced and, as far as the Guarantor is aware and is able to ascertain from the information published by the IMF, no facts have been omitted which would render the reproduced information inaccurate or misleading.

As regards accounting and reporting standards, companies in the State of Kuwait follow International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") whereas banks follow IFRS as adopted by the State of Kuwait. For the year ended 31 December 2018, the Guarantor's businesses in the State of Kuwait generated income representing 48.9 per cent. of the Guarantor's total income (see Note 28 to the Guarantor's consolidated financial statements for the year ended 31 December 2018).

GROUP STRUCTURE

The Guarantor, directly or indirectly, is the ultimate holding company of over 60 subsidiaries, associates (companies in which the Group holds more than 20 per cent. of the shares) and joint ventures operating in several sectors. Its assets substantially comprise shares in the Group companies. The Guarantor is dependent on revenues received from other members of the Group.

The principal subsidiaries and associates of the Guarantor operate in the financial services, insurance and real estate sectors, and the Guarantor also has a joint venture in the media sector (together the "Principal Companies"). The remaining companies of the Group and its associates operate in the services and industrial sectors and are primarily controlled by the Principal Companies.

The chart below sets out the Guarantor's Principal Companies (Burgan Bank, United Gulf Holding Company, Gulf Insurance Group, Panther Media Group Limited and United Real Estate Company) as at 31 December 2018:



The table below sets out the Guarantor's consolidated effective interest in its Principal Companies as at 31 December 2018:

Company	Jurisdiction of Incorporation	Status	Year of initial investment	Group's Consolidated effective interest* (in per cent.)	Board representation*
Burgan Bank S.A.K.P.	Kuwait	Subsidiary	1995	63.2	6 of 9
Gulf Insurance Group K.S.C.P.	Kuwait	Associate	1996	45.4	4 of 10 ^{^^}
United Gulf Holding Company B.S.C.	Bahrain	Subsidiary	1988 [#]	93.0	4 of 7
Panther Media Group Ltd.***	Dubai International Financial Centre	Joint venture	1995****	60.5	2 of 7
United Real Estate Company S.A.K.P...	Kuwait	Subsidiary	1994 ^{^^^}	72.5	4 of 7

[^] OSN is licensed to operate in 25 countries in the MENA region; however, it currently focuses on 7 core markets

* Effective interest is computed by adding the Guarantor's direct shareholding and the Guarantor's share of indirect interest held through subsidiaries and associates

** Number of the Group nominated directors on the Board of the Principal Companies

*** Panther Media Group Ltd. has 7 board members, 2 from each of the Guarantor and the Mawarid group and 3 independent directors

**** Represents the year of initial investment in former Showtime, which merged with Orbit in 2009 to form Panther Media Group Ltd.

^{^^} GIG has 10 board members, 4 from the Guarantor, 3 from Fairfax Financial Holdings and 3 independent directors

^{^^^} The Group acquired the initial stake in 1994; however, the Guarantor acquired a significant stake in 2010

[#] Represents the year of initial investment in United Gulf Bank, which after the corporate reorganisation in 2017 is represented by UGH

BUSINESS OVERVIEW AND STRATEGY

Principal Business Activities

KIPCO is a multi-sector holding company headquartered in the State of Kuwait with operating entities across the GCC and the wider MENA region. KIPCO's business is acquiring or creating businesses, building and growing them in order to selectively sell businesses, with a view to maximising shareholder

value. KIPCO has an experienced management team and benefits from key relationships in the region through its principal shareholders, which include members of the Kuwaiti ruling family. KIPCO's shares are publicly listed and traded on the Boursa Kuwait.

The principal business activities of the companies in which the Guarantor has currently invested are as follows:

- **Commercial Banking** - Historically, through Burgan Bank, KIPCO has had a strong presence in the Kuwaiti banking industry, offering a full range of commercial banking services to both retail and corporate customers. Burgan Bank was Kuwait's second largest conventional commercial bank by assets as at 31 December 2018. As a result of the Group's strategic reorganisation of its financial services businesses in mid-2008 (the "**Reorganisation**"), KIPCO streamlined its financial services businesses into three major segments: commercial banking, asset management and investment banking ("**AMIB**") and insurance. Burgan Bank has been transformed into a regional commercial banking group offering a wide range of banking services and products across the GCC and wider MENA region as a result of its purchase of UGB's stakes in Jordan Kuwait Bank ("**JKB**"), Bank of Baghdad ("**BOB**"), Gulf Bank Algeria ("**AGB**") and Tunis International Bank ("**TIB**"). Burgan Bank is listed on Boursa Kuwait and had total assets of KD 7,312.1 million as at 31 December 2018. Burgan Bank is a full-service Kuwait-based bank providing consumer banking, corporate banking, private and international banking, treasury and electronic banking services.

In December 2012, having obtained final approvals from the regulatory authorities in the State of Kuwait and Turkey, Burgan Bank completed the acquisition of a 99.3 per cent. stake in Eurobank Tekfen from Eurobank EFG. On 21 December 2012, Eurobank Tekfen became a subsidiary of and has been consolidated with the Burgan Bank since that date. Following the acquisition, Eurobank Tekfen is now operating under the name of Burgan Bank A.S. ("**BBT**"). As at 31 December 2018, Burgan Bank A.S. had a market share of 0.7 per cent. in Turkey in terms of loans.

In December 2015, Burgan Bank sold its 51.2 per cent. stake in JKB, to the Group. Burgan Bank continues to work closely with JKB through the Group's network. JKB is a public shareholding company founded on 25 October 1976 with a paid-up capital of JOD 100 million. JKB is listed on the Amman stock exchange and had consolidated assets of JOD 2,721.4 million as at 31 December 2018. JKB is regulated by the Central Bank of Jordan.

- **AMIB** - KIPCO operates in the AMIB market in the MENA region through United Gulf Bank and KAMCO Investment Company K.S.C.P. ("**KAMCO**"). UGB has a track record of incubating and growing businesses, including the four commercial banks that were transferred to Burgan Bank as part of the Reorganisation. Following the Reorganisation, the Guarantor is developing its pan-regional AMIB services through UGB and KAMCO. In 2017, UGB had undergone a corporate reorganisation whereby its regulated banking activities were segregated from its non-regulated services. For this purpose, the Guarantor incorporated a public shareholding company in the Kingdom of Bahrain in the name of UGH which acquired a 100 per cent. shareholding of UGB's regulated banking business. UGH is listed on the Bahrain Stock Exchange ("**BSE**") with total assets of U.S.\$3,398.6 million as at 31 December 2018.

Under a series of transactions in 2013 and 2014, Burgan Bank and United Gulf Bank completed the acquisition of FIMBank p.l.c., based in Malta ("**FIMBank**"), and currently hold an 8.5 per cent. and a 78.7 per cent. stake respectively. The Group's total cumulative stake held in FIMBank was 89.0 per cent. as of 31 December 2018 (Tunis International Bank holds 1.8 per cent. as of 31 December 2018). FIMBank is an international trade finance specialist providing trade finance solutions to corporates, banks and individuals worldwide.

KAMCO is an investment manager that offers its clients access to local and international capital markets with a focus on asset management, investment advisory, investment research and financial services. KAMCO is the largest listed asset manager in the State of Kuwait based on assets under management ("**AUM**") as at 31 December 2018. As at 31 December 2018, KAMCO's AUM was KD 3.9 billion, including the KD 0.9 billion AUM of Global Investment House. Of this 53.3 per cent. represented custodial assets.

In September 2018, KAMCO completed the purchase of 396,426,434 shares in Global Investment House ("**Global**"), equivalent to a 71.18 per cent. stake, from NCH Ventures S.P.C ("**NCH**"), a Bahrain-domiciled entity. The acquisition allows KAMCO to extend control over Global's existing investment products and services, managed real estate, asset management business, Global's brokerage subsidiary and physical infrastructure in Kuwait, as well as Global's international offices in the UAE, Saudi Arabia, Bahrain, Egypt, Jordan and Turkey.

- **Insurance** - GIG, is the market leader in insurance products in the State of Kuwait with an estimated 42 per cent. market share based on direct premiums as at the end of 2017. GIG has expanded its presence in the MENA region and besides Kuwait, has a presence (through subsidiaries and associates) in Saudi Arabia, Lebanon, Egypt, Syria, Jordan, Iraq, UAE, Bahrain, Algeria and Turkey. GIG's insurance product portfolio includes marine, aviation, property, casualty, motor, life and health insurance. GIG is listed on Bursa Kuwait with total assets of KD 529.3 million as at 31 December 2018.
- **Media** - PMG owns and operates two formerly competing platforms: Showtime and Orbit. PMG provides Pay-Tv services in the MENA region through Direct-To-Home satellite distribution, third-party cable, Internet Protocol television ("**IPTV**") and shared antenna systems and through internet enabled proposition (OTT). The merged group is managed as a jointly-controlled entity between Gulf DTH (Showtime) and the Mawarid group of companies. The merged entity operates under the brand "OSN" and offers a total of 152 premium channels which includes 72 HD channels, 31 owned and operated channels, 38 South Asian channels and 15 Filipino channels, showing premium drama and entertainment in English, Arabic and some Asian languages. The Group is licensed to operate in 25 countries in the MENA region; however, it currently focuses on 7 core markets, being UAE, KSA, Kuwait, Qatar, Egypt, Bahrain and Jordan. OSN has a large number of Video-on-Demand ("**VOD**") assets, subscription programming as well as an OSN store, supporting all its transactional content. OSN Play is its tethered digital platform, comprised of a mixture of VOD and linear services for iOS, Android and smart TV devices. WAVO is a lower priced standalone over-the-top ("**OTT**") offering soon to be relaunched with superior user interface and functional capabilities. As at 31 December 2018, OSN had a total subscriber base of approximately 1.1 million.

Given the changes happening in the Pay-Tv industry globally and the pressure on revenue and costs caused by competition and piracy, the Guarantor is exploring several strategic options in relation to OSN, in line with its strategy of ongoing review of its assets. The Guarantor has engaged an international investment banker for this purpose. The strategic options include: (i) refocusing the business back to profitability through the resizing of the business, content optimisation and digital product offerings; (ii) introducing strategic partners; and (iii) disposal of the Guarantor's interests in OSN. The investment in the media joint venture has been classified as "Non-current asset held for sale" in accordance with IFRS 5 - Non-Current Assets held for sale and discontinued operations in the consolidated statement of financial position for the year ended 31 December 2018.

Real Estate - URC, together with its subsidiaries and associates, comprises the Group's real estate segment. These represent 9.9 per cent. of the Group's assets as at 31 December 2018. These real estate interests mostly consist of operational hotels, residential, commercial and office buildings in the State of Kuwait, Oman, UAE, Jordan, Lebanon, Egypt and the United Kingdom, as well as projects under construction in Kuwait and Morocco. URC also provides real estate services through its own affiliates, including project and construction management, contracting and facility management. The Guarantor owns a 72.5 per cent. consolidated effective interest in URC as at 31 December 2018.

The Guarantor has invested in development land in Kuwait. These activities are conducted by the Guarantor's subsidiaries and associated companies, often in joint venture with third parties including some related parties including AFH.

On 3 May 2017, the Guarantor inaugurated the Hessah Al Mubarak District Pavilion, a mixed-use development project. The project is located in Kuwait City overlooking the Arabian Gulf. The project's total built up area is approximately 381,000 square metres and includes 71 plots for residential buildings, commercial activities, multi-outlet retail and food and beverages. KIPCO is the first private real estate master planner to commit to laying the infrastructure for a project of

this size. Project infrastructure work has been completed and public facilities have been handed over to relevant government entities. The Group plans to develop approximately 38 per cent. of the project through a Group entity, MENA Homes Real Estate Company KSC (Closed) ("**MENA Homes**") which is primarily managed by URC. As of 31 December 2018, the Group owns 88 per cent. in MENA Homes. MENA Homes will build and sell 8 plots comprising of premium residential buildings and office spaces. It also plans to build and lease 14 plots which will include serviced apartments, offices, restaurants, clinics and retail spaces. Pre-sales for the residential project have already started. The remaining 62 per cent. or 57 plots of the Hessah Al Mubarak project are expected to be developed by other parties external to the Group.

On 4 December 2018, the Guarantor completed the purchase of Khabary land property located in Fahaheel with a total area of 231,803 square metres.

These activities have contributed regular profits to the Guarantor allowing it to tap into a sector that has been profitable in the last few years. The structure of these investments also help manage the Guarantor's overall exposure to real estate.

- **Industrial** - The Guarantor holds shares or other investments in companies active in a variety of industries representing in aggregate 1.5 per cent. of its assets as at 31 December 2018. These include petrochemical and dairy plants and healthcare facilities, some with several years of operation and others which have been recently established. These are held primarily through United Industries Company K.S.C. (Closed) ("**UIC**") in which the Guarantor owns an effective interest of 77.8 per cent. as at 31 December 2018.
- **Investment²** - Apart from the above principal business activities, the Guarantor holds investments in private equities, listed equity and fixed income investments amounting to KD 3.1 million as at 31 December 2018.

Regional presence

The Group and its associates have a presence in the following countries:

Company	Present in
Burgan Bank	Kuwait, Turkey, Algeria, Iraq, Tunisia, UAE, Lebanon (branch of Bank of Baghdad) and Libya (representative office of Tunis International Bank)
United Gulf Holding Company	Bahrain, Kuwait, Tunisia, UAE, Syria, Morocco, Malta, Iraq and USA
Gulf Insurance Group	Kuwait, Saudi Arabia, Lebanon, Egypt, Syria, Jordan, Bahrain, Iraq, UAE, Turkey and Algeria
Panther Media Group Ltd (OSN)	Licensed to operate in 25 countries in the MENA region; however, it currently focuses on 7 core markets
United Real Estate Company	Kuwait, Jordan, Egypt, Oman, Syria, UAE, United Kingdom, Morocco and Lebanon
Jordan Kuwait Bank	Jordan, Cyprus and Palestine
United Industries Company	Kuwait

² In accordance with IFRS 8, which requires segmental reporting to align with management responsibility and reporting, KIPCO now reports primarily on 5 main business segments (i.e. commercial banking, AMIB, insurance, industrial and real estate) and others. The investment segment is now included under AMIB.

Recent Developments

Rights Issue

In January 2019, KIPCO announced that it intends to perform a rights issue subject to completing procedures required by the regulatory authorities. Capital will be raised by issuing 452,748,662 underwritten shares with a premium to be determined at a time closer to subscription. The issue is fully underwritten. On 7 May 2019, the second submission of the offering prospectus regarding this issue was made to the Capital Markets Authority. The subscription period is expected to be announced following the receipt of the Capital Markets Authority's final approval of the offering prospectus.

The Group's Financial Update as at and for the Three-Month Period Ended 31 March 2019

The Guarantor has recently announced its financial results for the three-month period ended 31 March 2019.

Consolidated Income Statement Data

For the three-month period ended 31 March 2019, the total income of the Group decreased by 1.5 per cent to KD 178.3 million compared to three-month period ended 31 March 2018. The decrease was primarily due to lower interest income, partially offset by higher investment income, share of result of associates, and education and service income.

Net profit (attributable to the equity holders of the parent company) increased by 15.4 per cent. to KD 6.5 million in the three-month period ended 31 March 2019 compared to three-month period ended 31 March 2018.

The following table sets out extracts from the Group's consolidated income statement for the three-month period ended 31 March 2018 and 31 March 2019, from the Guarantor's unaudited interim condensed consolidated financial information as at and for the three-month period ended 31 March 2019:

	3M 2018 Unaudited (Restated)	3M 2019 Unaudited
	<i>KD million</i>	
Total income.....	180.9	178.3
Interest income.....	109.9	99.1
Share of results of associates.....	7.8	11.9
Foreign exchange gain.....	3.9	1.6
Total expenses.....	147.4	153.6
Interest expense.....	68.1	72.5
Profit for the period.....	18.6	19.6
Profit for the period attributable to equity holders of the parent company.....	5.6	6.5
Profit attributable to non-controlling interest.....	12.9	13.1

Consolidated Assets

The following table sets out the Group's consolidated total assets as at 31 December 2018 and as at 31 March 2019. The Group's consolidated total assets as at 31 December 2018 have been extracted from the Guarantor's audited consolidated financial statements for the financial year ended 31 December 2018 and the Group's consolidated total assets as at 31 March 2019 have been extracted from the Guarantor's interim condensed unaudited consolidated statement of financial position as at and for the three-month period ended 31 March 2019:

	2018	3M 2019
	Audited	Unaudited
	<i>KD million</i>	
Total assets.....	10,370.3	10,088.7
Cash in hand and at banks.....	2,118.8	1,849.6
Loans and advances.....	4,635.3	4,587.7
Financial assets at fair value through profit or loss.....	265.1	250.2
Financial assets at fair value through other comprehensive income.....	253.7	271.0
Investment in associates.....	329.5	349.3
Goodwill and Intangible assets.....	328.5	328.1

Consolidated Liabilities and Equity

The consolidated total liabilities of the Group decreased by 3.1 per cent. to KD 9,072.3 million as at 31 March 2019 as compared to 31 December 2018, primarily due to decrease in liabilities due to banks and other financial institutions, and medium-term notes.

The following table sets out the Group's consolidated total liabilities and equity as at 31 December 2018 and as at 31 March 2019. The information as at 31 December 2018 has been extracted from the Guarantor's audited consolidated financial statements for the financial year ended 31 December 2018 and the information as at 31 March 2019 has been extracted from the Guarantor's interim condensed unaudited consolidated statement of financial position as at and for the three-month period ended 31 March 2019:

	2018	3M 2019
	Audited	Unaudited
	<i>KD million</i>	
Total liabilities.....	9,359.7	9,072.3
Total equity.....	1,010.6	1,016.4
Equity attributable to equity holders of the Guarantor.....	277.1	273.4
Non-controlling Interest.....	587.1	596.5

Business Strategy

The key elements of the Group's strategy are to:

- **Leverage its position and reputation in the GCC and wider MENA region to capture further growth in these regions:** KIPCO believes it is well positioned through its network of business relationships and its strong reputation to identify opportunities for growth and generate attractive returns from its businesses. KIPCO seeks to penetrate new markets with its existing businesses and at the same time look for new opportunities that will generate attractive returns. KIPCO is particularly interested in seeking to develop its businesses in countries where opportunities for development and market dynamics are similar to those that it has previously experienced. KIPCO's knowledge of the region and ability to manage local risk creates opportunities to generate attractive returns from operating environments. An example of this is reflected in KIPCO's initiative to capitalise on its growing regional presence across the financial services spectrum. KIPCO seeks to attract partners with an international presence to accelerate the development of the businesses in which it invests and to benefit from the sector expertise of successful international companies.
- **Acquire, create, build and selectively sell businesses in sectors that capitalise on regional opportunities:** KIPCO currently focuses primarily on the commercial banking, AMIB, insurance, real estate and media sectors but will seek to identify under-served and nascent markets with

proven potential for regional growth. KIPCO will seek to leverage its growing regional footprint in the retail and commercial banking sector together with insurance products and services through plans to develop savings and pensions products and services. KIPCO will continue to seek partnerships with global or local partners for investment in green field ventures for businesses with models that have been implemented successfully in other regions or countries.

- **Exercise management control over businesses:** KIPCO seeks to acquire controlling or significant stakes in its businesses and majority representation on the boards of directors. Having a controlling position enables KIPCO to provide strategic direction and establish clear financial targets for its businesses. Achieving a position of control also enables the Group's businesses to attract leading management talent, monitor operational performance and establish best practices of governance, and more generally benefit from KIPCO's regional and sector know-how. KIPCO exercises control over its core businesses (being the Principal Companies), through the ownership of majority stakes in each of them, which gives KIPCO significant influence over their board and management composition, strategy and financial policies.
- **Maximise value from businesses with a medium to long-term horizon:** KIPCO seeks to maximise value from businesses by implementing a strategy of increasing its operating income, expanding sales both locally and regionally, and making acquisitions. The Company continually reviews its holdings, considering options to maximise value, including divesting of part or all of the businesses it owns. Disposals are made from time to time to take advantage of favourable market conditions. These have included sales of major holdings or strategic stakes, as was done with respect to Wataniya Telecom, GIG, Hempel Paints and Saudi New Zealand Health Products ("SNZHP"); and through listings on local or regional stock exchanges, as was done with KAMCO, Saudi Dairy and Foodstuff Company ("SADAFCO") and Buruj Co-operative Insurance Company.

FINANCIAL SUMMARY OF THE GROUP³

General

Unless otherwise stated, the consolidated financial position data as at 31 December 2016 and the consolidated income statement data for the year ended 31 December 2016 has been extracted from the Group's audited consolidated financial statements for the financial year ended 31 December 2017. The consolidated financial position data as at 31 December 2017 and 31 December 2018 and the consolidated income statement data for the years ended 31 December 2017 and 31 December 2018 has been extracted from the Group's audited consolidated financial statements for the financial year ended 31 December 2018.

The Group's audited consolidated financial statements for the financial years ended 31 December 2016, 31 December 2017 and 31 December 2018 are incorporated by reference in this Prospectus.

In the consolidated financial statements for the financial year ended 31 December 2018, certain items of the comparative consolidated statement of financial position as at 31 December 2018 and the comparative consolidated statement of changes in equity for the year ended 31 December 2017 have been restated in accordance with IAS 8: 'Accounting policies, changes in accounting estimates and errors' to account for a decrease in the Group's investment in a media joint venture and investment in associates. The restatement did not have any effect on the consolidated income statement and the consolidated cash flow statement for the year ended 31 December 2017.

Further, certain items of the consolidated statement of financial position as at 31 December 2018 and the consolidated cash flow statement for the year ended 31 December 2017 have been reclassified to conform to the presentation of the consolidated financial statements as at and for the year ended 31 December 2018. These reclassifications are not material to the consolidated financial statements.

Consolidated Income Statement

For the year ended 31 December 2017, income of the Group was KD 685.8 million compared to KD 660.6 million in 2016. The increase in income by 3.8 per cent. was primarily driven by exclusion of a

³ Figures have been rounded, where appropriate. Percentage changes have been computed on full reported numbers.

share of losses from media joint venture from the total income. Financial statements of 2017 have been reclassified and restated to reflect the accounting treatment of investment in media joint venture in accordance with IFRS 5 - Non-current Assets held for sale and discontinued operations ("**IFRS 5**"), the investment in media joint venture has been classified as a discontinued operation.

Share of results of a media joint venture was a loss of KD 30.2 million for the year ended 31 December 2017 compared to a loss of KD 6.5 million for the year ended 31 December 2016 due to increase in competition, advent of over the top players and macroeconomic factors.

Share of results of associates declined from KD 35.9 million for the year ended 31 December 2016 to KD 12.8 million for the year ended 31 December 2017 due to higher investment income driven by change in the value of investment properties of the associates in 2016 and losses from associates in Jordan and Morocco in 2017.

Investment income increased from KD 28.0 million for the year ended 31 December 2016 to KD 70.9 million for the year ended 31 December 2017 primarily due to KD 38.5 million gains on the sale of 8 per cent. beneficial interest in Panther Media Group Limited in June 2017. In October 2017, the Group repurchased 8 per cent. beneficial interest in Panther Media Group Limited from its major shareholder for a total consideration of KD 60.4 million.

Interest income increased from KD 372.4 million for the year ended 31 December 2016 to KD 386.5 million for the year ended 31 December 2017 driven by growth in loan book at Burgan Bank.

Profit for the year (attributable to the equity holders of the Guarantor) decreased by 48.2 per cent. as compared to the year ended 31 December 2016 to KD 23.6 million for the year ended 31 December 2017. The decrease in profit for the year attributable to the equity holders of the Guarantor was due to decline in revenue, increase in hospitality and real estate expenses, general and administrative expenses and interest expenses.

For the year ended 31 December 2018, the income of the Group was KD 774.4 million compared to KD 685.8 million in 2017. The increase in income by 12.9 per cent. was primarily driven by higher interest income from the banking segment, hospitality and real estate income, share of results of associates, income from the education segment (vs. nil for the year ended 31 December 2017) due to the consolidation of United Education Company for the year ended 31 December 2018, fee and commission income and other income. The increase in income gets offset by lower manufacturing and distribution income and a KD 38.5 million gain (investment income) in 2017.

Interest Income increased from KD 386.5 million for the year ended 31 December 2017 to KD 445.2 million for the year ended 31 December 2018 driven by increase in interest income from Burgan Bank, Jordan Kuwait Bank, at KIPCO level and MENA Homes.

Share of results of associates increased by KD 5.7 million for the year ended 31 December 2018, compared to the year ended 31 December 2017 due to an improvement in share in income of associates of URC and share of income from Overland Real Estate Company W.L.L.

Investment income declined by KD 34.3 million to KD 36.6 million for the year ended 31 December 2018 compared to the year ended 31 December 2017 due to a KD 38.5 million gain on a partial sale of investment in a media joint venture in June 2017. In October 2017, the Group repurchased an 8 per cent. beneficial interest in Panther Media Group Limited from its major shareholder for a total consideration of KD 60.4 million.

Profit before taxation from continuing operations increased by 8.2 per cent. to KD 117.2 million for the year ended 31 December 2018 from KD 108.3 million for the year ended 31 December 2017. The increase in profit was due to reduction in provision for credit losses by KD 14.6 million which gets offset by increase in provision for impairment of other financial and non-financial assets by KD 8.2 million.

Loss from discontinued operations for the year ended 31 December 2018 represents share of loss from media joint venture, OSN for the period 1 January 2018 to 8 August 2018 as it has been classified as a non-current asset held for sale with effect from 9 August 2018.

Profit for the year (attributable to the equity holders of the Guarantor) increased by 20.0 per cent. to KD 28.3 million for the year ended 31 December 2018 from KD 23.6 million for the year ended 31 December 2017.

The following table sets out extracts from the Group's consolidated income statements for the three financial years ended 31 December 2016, 31 December 2017 and 31 December 2018. The information for the financial year ended 31 December 2016 has been extracted from the Guarantor's audited consolidated financial statements for the financial year ended 31 December 2017 and for the financial years ended 31 December 2017 and 31 December 2018 extracted from the Guarantor's audited consolidated financial information for the financial year ended 31 December 2018:

	For the year ended 31 December 2016	For the year ended 31 December 2017	For the year ended 31 December 2018
	<i>KD million</i>		
Income.....	660.6	685.8	774.4
Interest income.....	372.4	386.5	445.2
Hospitality & Real Estate Income.....	77.2	93.7	109.4
Investment income.....	28.0	70.9	36.6
Educational Service Income.....	-	-	27.0
Share of results of Associates.....	35.9	12.8	18.4
Share of results of a media joint venture.....	(6.5)	-*	-*
Expenses.....	527.1	553.7	639.8
General and administrative expenses.....	171.3	184.8	192.4
Interest expense.....	240.7	248.1	297.8
Profit for the year from continuing operations.....	-	92.7	106.8
Loss from discontinued operations.....	-	(30.2)	(23.0)
Profit for the Year.....	88.1	62.5	83.8
Profit for the year attributable to equity holders of the Parent company.....	45.5	23.6	28.3
Profit attributable to non-controlling interest.....	42.6	38.9	55.5
Earnings per share attributable to equity holders of the Parent (in fils) (basic).....	28.6	11.5	15.0
Earnings per share attributable to equity holders of the Parent (in fils) (diluted).....	28.6	11.5	15.0
Earnings per share for continuing operations.....			
Earnings per share attributable to equity holders of the Parent (in fils) (basic).....	-	32.9	31.4
Earnings per share attributable to equity holders of the Parent (in fils) (diluted).....	-	32.9	31.4

* In accordance with IFRS 5, the investment in OSN is classified as a discontinued operation and accordingly the share of results of the media joint venture for the years ended 31 December 2017 and 31 December 2018 is disclosed as "loss from discontinued operation" in the consolidated income statement for the year ended 31 December 2018. Please refer to Note 31 of the Guarantor's consolidated financial statements for the year ended 31 December 2018 for more details.

The earnings of companies in the financial services sector can be attributed to a strategy of regional expansion through acquisitions and/or establishment of green field operations. The strong deposit base, quality of assets and the prudent provisioning strategies adopted by these companies make them well positioned to capitalise on these opportunities. In the media sector, there is a high demand for services and exclusive content. The business model is such that once break-even is achieved, income growth is not

accompanied by a proportionate increase in fixed costs, resulting in a relatively sharp growth in profit margins.

The business of OSN represented the entirety of the Group's media operating segment. In accordance with IFRS-5 (*Non-Current Assets held for sale and discontinued operations*), the investment in OSN is classified as a discontinued operation and accordingly the media segment is no longer presented in the segment Note 28 of the Guarantor's audited consolidated financial information for the year ended 31 December 2018. Investment in a media joint venture/OSN has been classified as "Non-current asset held for sale" in accordance with IFRS 5.

Segment-wise consolidated revenues as follows:

	For the year ended 31 December 2016	For the year ended 31 December 2017	For the year ended 31 December 2018
		<i>KD million</i>	
Commercial Banking.....	485.1	495.3	561.4
Asset Management & Investment Banking.....	42.5	73.5	44.3
Insurance	5.5	4.7	6.1
Media.....	(6.5)	-	-
Industrial.....	43.2	36.9	33.0
Hospitality & Real Estate.....	100.0	96.0	121.1
Others	21.9	21.8	51.6
Inter-segmental eliminations.....	(31.2)	(42.5)	(43.1)
Total	660.6	685.8	774.4

The following table sets out the Group's consolidated profit and loss broken down by segments for the years ended 31 December 2017 and 31 December 2018 (See note 28 of the Guarantor's audited consolidated financial information for the year ended 31 December 2018):

	For the year ended 31 December 2017	For the year ended 31 December 2018
	<i>KD million</i>	
Commercial Banking.....	106.3	162.3
Asset Management and Investment Banking.....	(11.0)	(56.0)
Insurance	4.7	6.1
Media.....	(30.2)	-
Industrial.....	6.5	3.7
Hospitality & Real Estate.....	(6.7)	1.3
Others	0.5	1.6
Inter-segmental eliminations.....	(7.6)	(12.2)
Assets held for sale.....	-	(23.0)
Total	62.5	83.8

Consolidated Assets

As at 31 December 2017, the consolidated total assets of the Group amounted to KD 10.3 billion, representing an increase of 3.6 per cent. compared to KD 10.0 billion as at 31 December 2016. Cash in hand and at bank constituted 15.2 per cent. of consolidated total assets while loans and advances accounted for 50.7 per cent. of consolidated total assets as at 31 December 2017. Investments in

associates accounted for 3.6 per cent. of consolidated total assets as at 31 December 2017. Financial assets available for sale and financial assets held at fair value through the income statement (comprising investments in listed and unlisted securities) accounted for 5.3 per cent. of consolidated total assets as at 31 December 2017. Goodwill and intangible assets relating to subsidiaries represented 3.2 per cent. of consolidated total assets as at 31 December 2017.

As at 31 December 2018, the consolidated total assets of the Group were KD 10.4 billion, an increase of 0.2 per cent. compared to the year ended 31 December 2017. Cash in hand and at bank constituted 20.4 per cent. of consolidated total assets while loans and advances accounted for 44.7 per cent. of consolidated total assets as of 31 December 2018. Investments in associates accounted for 3.2 per cent. of consolidated total assets, financial assets held at fair value through the profit or loss and other comprehensive income (comprising investments in listed and unlisted securities) accounted for 5.0 per cent. of consolidated total assets while intangible assets relating to subsidiaries represented 3.2 per cent. of consolidated total assets as at 31 December 2018.

The following sets out: (i) the Group's consolidated financial position data as at 31 December 2016 extracted from the Guarantor's audited consolidated financial statements as at and for the financial year ended 31 December 2017; and (ii) the Group's consolidated total assets as at 31 December 2017 and 31 December 2018, in each case extracted from the Guarantor's audited consolidated financial information as at and for the financial year ended 31 December 2018:

	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018
		(Restated)	
		<i>KD million</i>	
Total assets	9,982.1	10,345.1	10,370.3
Cash in hand and at banks	1,458.0	1,569.6	2,118.8
Loans and Advances.....	5,285.3	5,240.8	4,635.3
Financial assets available for sale	438.5	514.1	-
Financial assets at fair value through profit or loss.....	59.2	35.4	265.1
Financial assets at fair value through other comprehensive income	-	-	253.7
Investment in associates	442.5	375.3	329.5
Goodwill and Intangible assets	309.2	329.5	328.5
Return on average assets	0.9 per cent.	0.6 per cent.	0.8 per cent.

The consolidated financial position as at 31 December 2017 has been restated in accordance with IAS 8 in the audited consolidated financial statements of the Group for the year ended 31 December 2018.

The following table sets out the Group's consolidated total assets broken down by segments as at 31 December 2016 (See note 29 of the Guarantor's audited consolidated financial statements for the year ending 31 December 2017), as at 31 December 2017 and as at 31 December 2018 (See note 28 of the Guarantor's audited consolidated financial information for the year ending 31 December 2018):

	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018
		(Restated)	
		<i>KD million</i>	
Commercial Banking.....	8,712.2	8,851.9	8,708.8
Asset Management and Investment Banking.....	676.4	860.1	795.3
Insurance	72.9	73.4	73.2
Media.....	149.6	177.9	-

Industrial.....	249.4	267.2	279.0
Hospitality & Real Estate.....	795.3	865.1	1,028.5
Others	162.8	284.3	291.0
Inter-segmental eliminations.....	(836.5)	(1,034.8)	(992.6)
Non-current assets held for sale			187.3
Total.....	9,982.1	10,345.1	10,370.3

Consolidated Liabilities and Equity

The consolidated total liabilities of the Group increased from KD 8.8 billion as at 31 December 2016 to KD 9.1 billion as at 31 December 2017. Consolidated total liabilities as at 31 December 2017 comprised of deposits from customers (56.2 per cent. of total liabilities), due to banks and other financial institutions (22.1 per cent. of total liabilities), medium term notes (7.2 per cent. of total liabilities), loans payable (5.5 per cent. of total liabilities), bonds (3.5 per cent. of total liabilities), and other liabilities (5.5 per cent. of total liabilities).

Equity attributable to the equity holders of the Guarantor decreased from KD 471.5 million as at 31 December 2016 to KD 439.3 million as at 31 December 2017 mainly due to decline in retained earnings and foreign currency translation reserve.

The consolidated total liabilities of the Group increased by 2.5 per cent. to KD 9.4 billion as at 31 December 2018 compared to 31 December 2017, primarily driven by increase in loans, bonds and other liabilities. Consolidated total liabilities as at 31 December 2018 comprised of deposits from customers (52.2 per cent. of total liabilities), due to banks and other financial institutions (22.0 per cent. of total liabilities), medium term notes (7.1 per cent. of total liabilities), loans payable (7.4 per cent. of total liabilities), bonds (5.1 per cent. of total liabilities), and other liabilities (6.2 per cent. of total liabilities).

Equity attributable to the equity holders of the Guarantor decreased to KD 277.1 million as at 31 December 2018 from KD 439.3 million as at 31 December 2017, primarily due to transition adjustment of KD 120.7 million on adoption of IFRS 9 – Financial Instruments for financial instruments, payment of KD 13.4 million dividends and KD 12.6 million for changes in ownership of subsidiaries.

The following tables set out: (i) the Group's consolidated total liabilities and equity as at 31 December 2016 extracted from the Guarantor's audited consolidated financial statements as at and for the financial year ended 31 December 2017; and (ii) the Group's consolidated total liabilities and equity as at 31 December 2017 and 31 December 2018, in each case extracted from the Guarantor's audited consolidated financial information as at and for the financial year ended 31 December 2018:

	As at 31 December 2016	As at 31 December 2017 (Restated)	As at 31 Decem ber 2018
	KD million		
Total liabilities.....	8,765.7	9,133.1	9,359.7
Total equity.....	1,216.4	1,212.1	1,010.6
Equity attributable to equity holders of the Guarantor	471.5	439.3	277.1
Non-controlling Interest.....	598.5	626.4	587.1

The following table sets out the Group's consolidated liabilities broken down by segments as at 31 December 2016, as at 31 December 2017 (See note 29 of the Guarantor's audited consolidated financial

statements for the year ended 31 December 2017), and as at 31 December 2018 (See note 28 of the Guarantor's audited consolidated financial statements for the year ended 31 December 2018):

	As at 31 December 2016	As at 31 December 2017 (Restated)	As at 31 December 2018
		KD million	
Commercial Banking	7,767.8	7,851.9	7,754.3
Asset Management and Investment Banking	946.3	1,153.5	1,294.0
Industrial	121.6	115.6	138.1
Hospitality & Real Estate	407.7	560.8	675.4
Others	151.3	204.8	205.7
Inter-segmental eliminations	(629.0)	(753.5)	(707.9)
Total	8,765.7	9,133.1	9,359.7

ADDITIONAL INFORMATION RELATING TO THE GUARANTOR

The Guarantor does not produce IFRS-compliant standalone audited financial statements. The information (extracted from the Guarantor's unaudited unconsolidated management accounts) for the three financial years ended 31 December 2016, 31 December 2017 and 31 December 2018 presented in this section represents the information that is incorporated into the figures that form part of the Guarantor's audited consolidated financial statements for the three financial years ended 31 December 2016, 31 December 2017 and 31 December 2018 of the Group. The basis of preparation of the information provided in this section is based on the historical cost convention, and as further explained below.

The information has been included to illustrate the Guarantor's unconsolidated position in relation to the market value of its listed Principal Companies (UGH, GIG, Burgan Bank and URC), its asset coverage ratio and its cash interest coverage ratio.

Market Value of the Guarantor's holding in listed Principal Companies:

The following table presents the market value of the Guarantor's holding in each of its listed Principal Companies as at 31 December 2016, 31 December 2017 and 31 December 2018. The basis of preparation is the number of shares held directly by the Guarantor (extracted from the Guarantor's unaudited unconsolidated management accounts) multiplied by the closing price of each share sourced from the exchange where each company has its main listing on the specified date (or if not a trading day, the last trading day before the specified date):

Company	As at 31 December 2016			As at 31 December 2017			As at 31 December 2018		
	No. of shares owned (million)	Closing Price (KD)	Market Value (KD million)	No. of shares owned (million)	Closing Price (KD)	Market Value (KD million)	No. of shares owned (million)	Closing Price (KD)	Market Value (KD million)
UGB*/ UGH**	454.7	0.284	129.1	232.3	0.904	210.1	199.4	0.999	199.2
GIG	72.5	0.67	48.6	72.5	0.824	59.8	72.5	0.655	47.5
BB	845.1	0.305	257.7	887.3	0.307	272.4	1030.8	0.278	286.5

URC	577.7	0.094	54.3	577.7	0.080	46.2	577.7	0.060	34.7
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* Share price taken from Bloomberg.

** UGB was delisted from the Bahrain Bourse on 28 September 2017 and in turn UGH was listed on the same date. Market value and share prices as of 31 December 2017 and 31 December 2018 was for UGH and as of 31 December 2016 was for UGB.

As at 31 December 2018, the total market value of the Guarantor's holdings in its listed Principal Companies as derived from the above table was KD 567.9 million compared to KD 588.4 million as at 31 December 2017, a decline of 3.5 per cent.

Guarantor's listed asset coverage ratio

The source of the data provided in this section is the Guarantor's unaudited unconsolidated management accounts which form part of the consolidated financial statements of the Group as described above. As at 31 December 2018, the Guarantor's unconsolidated net debt was KD 363.7 million. The table below sets out the listed asset coverage ratio (i.e. the ratio of market value of listed Principal Companies to total loans, medium term notes and bonds outstanding after deducting cash and cash equivalents) as at 31 December 2016, 31 December 2017 and 31 December 2018. The listed asset coverage ratio excludes the Guarantor's investment in OSN as it has been classified as a non-current asset held for sale and other unlisted investments.

The Guarantor may increase its debt (including the issuance of debt securities) in the future.

	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018
	<i>KD million</i>		
Loans payable	35.0	42.1	-
Medium Term Notes	458.0	518.1	521.4
Bonds.....	-	98.8	198.2
Total debt.....	493.0	658.9	719.6
Less: Cash and cash equivalents	250.1	385.6	356.0
Net debt (A).....	242.9	273.3	363.7
Market value of listed Principal Companies (B).....	489.8	588.4	567.9
Listed asset coverage ratio (B) / (A)	2.02	2.15	1.56

Guarantor's cash interest coverage ratio

The source of the data provided in this section is the Guarantor's unaudited unconsolidated management accounts which form part of the consolidated financial statements of the Group as described above. The primary sources of the Guarantor's cash inflow are its dividend stream from the Principal Companies, gains from the sale of stakes in subsidiaries and associates, gains from the sale of trading and available for sale investments and fee income.

The Guarantor's majority or significant holding in each of its Principal Companies and its influence over the board of directors and management allows the Guarantor to set or influence dividend policies in the main companies in which it has invested. Subject to legal and regulatory requirements, the Guarantor's influence is sufficient to ensure that dividend payout policies continue at a level similar to the historical level of payout, although this has not been the case recently in respect of the banks that the Guarantor controls. The blended cash dividend payout ratios (i.e. aggregated proposed dividends of listed Principal Companies divided by aggregated net income of listed Principal Companies) was 24.9 per cent. in 2016 and 25.1 per cent. in 2017.

The Guarantor also regularly sells securities that it owns (including from time to time shares in its subsidiaries, associates and joint venture companies). This has resulted in sizeable revenues and cash inflows in the past. The combination of dividend and other distributions and proceeds from sales of

securities has provided the Guarantor with sufficient liquidity to service its debt and fund its operating expenses.

For the year ended 31 December 2018, the Guarantor's share of dividends received was KD 21.1 million. Net interest payments for the year ended 31 December 2018 amounted to KD 39.1 million, comprising KD 40.9 million of interest expense and KD 1.8 million of interest income.

The following table sets out the cash interest coverage ratio for the three financial years ended 31 December 2016, 31 December 2017 and 31 December 2018:

	For the year ended 31 December 2016	For the year ended 31 December 2017	For the year ended 31 December 2018
	<i>KD million</i>		
Share of dividends received#	22.3	15.1	21.1
Other operating cash income.....	11.0	39.8	0.3
Total cash income (A)	33.3	54.8	21.4
Interest paid	42.1	34.5	40.9
Interest received	1.8	1.1	1.8
Net Interest payments (B).....	40.3	33.5	39.1
Cash Interest coverage ratio (A) / (B)	0.8	1.6	0.55

#Dividends received in the current year pertain to dividends declared for the previous year based on the number of shares held at the date of record of the annual general meeting of the shareholders

PRINCIPAL COMPANIES

Burgan Bank

Burgan Bank is a public shareholding company incorporated in the State of Kuwait by Amiri Decree dated 27 December 1975 and its shares are listed on the Boursa Kuwait. Burgan Bank is regulated by the Central Bank of Kuwait. As at 31 December 2018, the Guarantor's direct effective interest in Burgan Bank was 41.3 per cent. and consolidated effective interest was 63.2 per cent.

Burgan Bank's registered office is at P.O. Box 5389, Safat 12170, State of Kuwait.

As at the end of trading on 31 March 2019, the closing price for shares of Burgan Bank was KD 0.375 (U.S.\$1.233) per share giving it a market capitalisation of KD 935.1 million (U.S.\$3,074.1 million).

Burgan Bank offers a full range of banking services to both retail and commercial customers in the State of Kuwait, Turkey, Iraq, Tunisia, Algeria, UAE and Lebanon (branch of BOB). There is also a representative office of Tunis International Bank in Libya.

Burgan Bank operates under five divisions which are corporate banking, financial institutions, retail banking, private banking and investment banking and treasury.

Under its **corporate banking group**, Burgan Bank provides overdraft facilities, business loans, working capital finance, commercial loans, letters of credit and letters of guarantee. The corporate banking group includes seven main units, namely:

- Services and energy unit for establishing banking and credit relationships with clients in the service and the energy sectors.
- Investment and real estate unit, which provides short and medium-term financing (primarily on a secured basis) to prime investment and real estate corporate entities.
- Trading and automotive unit.

- Trading and manufacturing unit.
- International lending unit, which provides a full range of banking services to multinational corporations.
- Contracting unit which provides working capital finance to major contracting companies.
- Small and medium enterprise unit ("SME") provides customers with wide solutions for their business needs to ensure that they capitalise on development opportunities and supports throughout the developmental phases of growth.

The financial institutions division is responsible for all relationships with financial institutions and banks. It acts as a focal point for correspondent banking relationships, in order that customer requirements can be actively supported, and Burgan Bank can execute its own foreign transactions. This includes trade-related transactions for imports and exports and arranging guarantees from banks to support overseas corporates working or providing services in Kuwait as well as to Kuwaiti corporates venturing abroad. The financial institutions division is also responsible for developing long-term relationships and meeting all the banking requirements of local non-banking financial institutions.

Burgan Bank offers a range of **retail banking** products and services, including a range of customer accounts, loans, remittances, electronic banking, safe deposit boxes and credit and debit cards. It has a network of around 167 branches and nearly 336 ATM machines to serve its customers as at 31 December 2018.

Through its **private banking group**, Burgan Bank provides wealth management services and investment vehicles targeted at high net worth individuals.

Burgan Bank's **treasury and investment banking group** segment is responsible for all wholesale financial market transactions, both domestically and internationally. The treasury division is responsible for the management of foreign exchange positions, asset-liability management, and overall management of Burgan Bank's balance sheet, interest rate and liquidity positions. The investment banking division manages Burgan Bank's proprietary investment portfolio, comprising of various asset classes. The division also manages a local equity mutual fund under Burgan Bank's management.

Burgan Bank has been aligning and focusing its businesses to improve profitability and asset quality and is building on its strategy for growth through continuing diversification of products, businesses and geographies.

In December 2012, having obtained final approvals from the regulatory authorities in the State of Kuwait and Turkey, Burgan Bank completed the acquisition of a 99.3 per cent. stake in Eurobank Tekfen from Eurobank EFG. Following the acquisition, Eurobank Tekfen is now operating under the name of Burgan Bank Turkey ("**BBT**").

Burgan Bank has a sound asset quality and as at 31 December 2018, Burgan Bank's ratio of non-performing assets to gross credit facilities (cash facilities plus non-cash facilities) was 2.3 per cent. and the ratio of total provision (sum of general and specific provisions) to non-performing assets (aggregate of collateral) was 240.9 per cent. (total provisions plus value of collaterals related to non-performing assets divided by non-performing assets). In addition to specific provisions, Burgan Bank has also been undertaking general provisions which accounted for 92.5 per cent. of total provisions (general provisions plus specific provisions) for impairment as at 31 December 2018.

To strengthen its capital adequacy ratio, Burgan Bank issued perpetual bonds worth U.S.\$500 million and carried out a rights issue of KD 102.6 million (U.S.\$350 million) in 2014. In November 2015, Burgan Bank invited a tender offer to buy back its Basel III non-compliant U.S.\$ 400 million notes due in 2020 and successfully exercised its rights to redeem these notes in 2015.

On 30 December 2015, Burgan Bank sold its 51.2 per cent. stake in JKB, to the Group. The purchase was part of a series of transactions by Burgan Bank to meet capital ratios required under Basel III. The sale yielded a reduction of over KD 500 million in Burgan Bank's risk-weighted assets.

In March 2016, Burgan Bank issued KD 100 million Tier 2 bonds due 2026.

Burgan Bank has been continually diversifying its funding base. In July 2016, Burgan Bank established a U.S.\$ 1.5 billion Reg S Euro Medium Term Note Programme. In September 2016, Burgan Bank issued U.S.\$ 500 million bonds under its Euro Medium Term Note Programme.

On 22 March 2018, Burgan Bank executed a U.S.\$ 350 million (equal KD 105.0 million) three-year club loan with a group of leading international and regional banks. The three-year club loan, which will be used for general financing purposes, pays a margin of 95 bps p.a. above USD LIBOR and has a bullet repayment at the end of three years. Burgan Bank was able to secure competitive terms while extending the tenor of the loan when compared to its previous club loan that was executed in December 2015.

On 10 October 2018, Burgan Bank raised KD 62.6 million by issuing 240.58 million ordinary shares which was approved by the board of directors of Burgan Bank and other relevant regulatory bodies. Shareholders were offered shares at an offer price of KD 0.260 per share, comprising a nominal value of KD 0.100 per share and a premium of KD 0.160 per share. The rights issue was fully subscribed to, resulting in a KD 62.6 million increase in share capital.

On 26 December 2018, Burgan Bank announced completion of private placement of KD100 million Senior Unsecured Bonds in the local market. Bonds have a three-year tenor from the date of issuance and carry a fixed interest rate of 4.125 per cent. Bonds proceeds will comprise additional funding for Burgan Bank, and further improve upon certain regulatory ratios.

As at 31 December 2018, Burgan Bank has a Basel III CET1 capital adequacy ratio of 11.9 per cent. and total capital adequacy ratio of 17.4 per cent.

Financial Summary

The financial information set out below has been extracted from Burgan Bank's audited consolidated financial statements for the years ended 31 December 2017 and 31 December 2018. Burgan Bank's financial statements are prepared in accordance with IFRS as adopted by the State of Kuwait.

	As at and for the year ended 31 December 2016	As at and for the year ended 31 December 2017	As at and for the year ended 31 December 2018
		KD million	
Total assets	7,268.9	7,415.2	7,312.1
Loans and advances to customers	4,224.1	4,407.6	4,262.7
Net interest income.....	155.7	170.9	184.0
Operating income	234.7	239.4	265.3
Profit for the year attributable to equity holders of Burgan Bank	68.2	65.2	82.6
Basic and diluted earnings per share attributable to the equity holders of Burgan Bank (fils).....	27.0	24.2	31.0

- Burgan Bank's asset base increased by 2.0 per cent. over the year ended 31 December 2016 to reach KD 7.4 billion as at 31 December 2017 mainly on account of increase in loan and advances in Turkey and Algerian operations. Total assets as at 31 December 2018 were KD 7.3 billion, down 1.4 per cent. from 31 December 2017 largely owing to decline in Turkish operations due to currency devaluation of Turkish Lira.
- For the year ended 31 December 2017, net interest income increased by 9.7 per cent. over the year ended 31 December 2016 to reach KD 170.9 million. For the year ended 31 December 2018, net interest income increased by 7.7 per cent. to KD 184.0 million as against KD 170.9 million for the year ended 31 December 2017, resulting mainly from higher net interest margins reported under key operations.

- Profit for the year attributable to equity holders of Burgan Bank decreased from KD 68.2 million in 2016 to KD 65.2 million in 2017, which represents a decrease of 4.3 per cent.
- Profit for the year attributable to equity holders of Burgan Bank for the year ended 31 December 2018 increased by 26.6 per cent. to KD 82.6 million as against year ended 31 December 2017, driven by higher net interest and non-interest income, partially offset by higher provision charge.

Gulf Insurance Group

Gulf Insurance Group K.S.C.P. ("**GIG**") is a shareholding company incorporated in the State of Kuwait by Amiri Decree dated 9 April 1962. Its shares are listed on the Boursa Kuwait.

Kuwaiti insurance companies are regulated by the Ministry of Commerce and Industry.

The address of GIG's registered office is at KIPCO Tower, 42nd floor, Khalid Bin Al Waleed Street, Sharq Area, Block 5, Kuwait City P.O. Box 1040, Safat 13011, State of Kuwait.

GIG was privatised in 1996, following the sale of the State of Kuwait's 82 per cent. shareholding in GIG.

In 2013, GIG restructured itself to a holding company to oversee all of the group companies. GIG retains its licence as a regulated operating insurer in the Kuwaiti market and holds sufficient free assets and liquidity to service the expansion plan and debt programme. Its domestic insurance business was transferred to Gulf Insurance and Reinsurance ("**GIG Kuwait**"), which is now the leading group entity in terms of gross premium written. GIG Kuwait, which is 99.8 per cent. owned by GIG, is a key source of group revenues and earnings.

As at 31 December 2018, the Guarantor's direct effective interest in GIG was 40.5 per cent. and consolidated effective interest was 45.4 per cent.

GIG is the leading insurance provider in the State of Kuwait in terms of premium income. GIG issues insurance policies under the broad categories of marine, aviation, property, engineering, casualty, life and health insurance.

GIG pursues its regional expansion strategy by way of selected acquisitions or investments in its target territories at conservative book value multiples, and less frequently via applications for fresh licences. GIG has recently consolidated its position in Algeria and entered the Turkish market in this way.

Having established a presence in the State of Kuwait, GIG has expanded across the MENA region by:

- Acquiring a 100.0 per cent. stake in Saudi Pearl Insurance Company in the Kingdom of Saudi Arabia in 2000. Following a change in regulation, GIG along with other investors established the Al-Buruj Cooperative Insurance Company which was listed on the Saudi Stock Exchange (Tadawul) in October 2009 and received its commercial licence in February 2010. The insurance business of SPI has been transferred to the newly established company upon the completion of regulatory formalities (GIG has a 27.0 per cent. shareholding in Al-Buruj Cooperative Insurance Company as at 31 December 2018);
- Establishing Fajr Al-Gulf Insurance and Reinsurance Company S.A.L in Lebanon by a merger of International Trust Insurance Company SAL (ITI) with Al-Fajr Insurance and Reinsurance Company SAL ("**Al Fajr**") to form Fajr Al-Gulf Insurance and Reinsurance Company S.A.L in 2003 (92.7 per cent. shareholding as at 31 December 2018);
- Acquiring a majority stake in Egypt's Arab Misr Insurance Group Company S.A.E. in February 2005 (94.9 per cent. shareholding as at 31 December 2018);
- Acquiring a 21.4 per cent. stake in Bahrain Kuwait Insurance Company ("**GIG-Bahrain**") in December 2005, which was increased to 51.2 per cent. in 2008 and to 56.1 per cent. as at December 2010 (56.1 per cent. shareholding as at 31 December 2018);
- In April 2017, GIG-Bahrain increased its holding in the share capital of Takaful International B.S.C. ("**Takaful**"), a listed company on the Bahrain Bourse, to 63.6 per cent. (31 December 2016: 40.9 per cent.). As a result, Takaful became a subsidiary of the group and has been

consolidated from that date. In June 2017, GIG Bahrain further increased its shareholding ownership from 63.6 per cent. to 67.3 per cent. in Takaful. In December 2018, GIG Bahrain's ownership in Takawul increased to 81.9 per cent.;

- Establishing Syrian Kuwait Insurance Company ("**GIG Syria**") in December 2006 with an initial 44.4 per cent. direct stake. It commenced operations in 2007 (54.4 per cent. shareholding as at 31 December 2018);
- Establishing Gulf Insurance and Reinsurance Company K.S.C. (Closed) ("**GIG Kuwait**") in the State of Kuwait in which it holds an effective interest of 99.8 per cent. as at 31 December 2018. It started operations as a separate legal entity on 1 January 2008 after obtaining the necessary licence from the Kuwaiti authorities;
- Acquiring a 42.0 per cent. stake in Jordan's Arab Orient Insurance J.S.C. ("**GIG Jordan**") in May 2009 and a further 13 per cent. stake in June 2009 from JKB (inter-group transaction) which was further increased to 88.7 per cent. as at December 2010. It is the largest insurance company in Jordan in terms of market share and revenues (90.4 per cent. shareholding as at 31 December 2018);
- Acquiring a 59.5 per cent. stake in Egyptian Life Takaful Insurance Company (together with Egypt's Arab Misr Insurance Group Company S.A.E., "**GIG Egypt**") in 2010 (61.3 per cent. shareholding as at 31 December 2018);
- Acquiring a 51.0 per cent. stake in Dar Al Salam Insurance Company, Iraq in 2011 (71.8 per cent. shareholding as at 31 December 2018);
- Acquiring a 20.0 per cent. interest in Alliance Insurance in the UAE in 2012 (20.0 per cent. shareholding as at 31 December 2018);
- Acquiring a 20.0 per cent. stake in Al-Argan International Real Estate Company K.S.C.P. in the State of Kuwait in 2013 (20.0 per cent. shareholding as at 31 December 2018);
- Acquiring a 25.0 per cent. stake in Egyptian Takaful Property and Liability S.A.E. in Egypt in 2014 (25.0 per cent. shareholding as at 31 December 2018);
- Expanding in Algeria by partnering with local entities, the Hydrocarbon Insurance Company CASH and National Bank of Algeria to establish a life insurance company, Algerian Gulf Life Insurance Company, with a capital of U.S.\$9.0 million. GIG has a 42.5 per cent. shareholding in the new company as at 31 December 2018;
- In 2015, GIG acquired a 51 per cent. shareholding in an Algerian insurance company, "L'Algerienne des Assurance (2A)" (51.0 per cent. shareholding as at 31 December 2018);
- Acquiring a 90 per cent. stake in a Turkish non-life insurance company, Turins Sigorta Anonim Şirketi ("**Turins Sigorta**") in June 2016; and
- In 2017, acquired a 100 per cent. stake in AIG Sigorta Anonim Şirketi ("**AIG**"), a Turkish non-life insurance company and merged AIG Sigorta and Turins Sigorta under the name Gulf Sigorta (99.2 per cent. shareholding as at 31 December 2018).

GIG's underlying strategy is to become a regional market leader by increasing its customer focus and becoming the single contact for all of the insurance needs of its customers. In addition to existing economies, GIG is focusing on the MENA region economies (GCC, Algeria, Tunisia, Morocco, etc.) for expansion. GIG has also established a multi-phase plan for its Customer Relationship Management programme directed at gaining insight into customer purchasing behaviour.

GIG is also focusing on Takaful products (insurance products compliant with Islamic Shariah laws) and will look for new distribution channels and new partner banks. In 2008, GIG established its Takaful unit which offers Shariah compliant life and non-life insurance products. GIG has a strategy to grow its Takaful business, currently its takaful operations are in Kuwait, Bahrain and Egypt.

In September 2010, the Guarantor announced that it had entered into a strategic relationship with Fairfax Financial Holdings, a global leader in insurance and re-insurance headquartered in Canada. As part of the transaction, a Fairfax affiliate purchased a 41.3 per cent. stake in Gulf Insurance Group.

As at the end of trading on 31 March 2019, the closing price for shares of GIG was KD 0.665 (U.S.\$3.284) per share giving it a market capitalisation of KD 119.0 million (U.S.\$391.3 million).

Financial Summary

The financial information set out below has been extracted from GIG's audited consolidated financial statements for the year ended 31 December 2017 and 31 December 2018.

	As at and for the year ended 31 December 2016	As at and for the year ended 31 December 2017 Restated*	As at and for the year ended 31 December 2018
		<i>KD million</i>	
Total assets (Restated)*.....	374.8	492.8	529.3
Premium written.....	213.2	304.8	335.7
Net underwriting income.....	13.4	8.3	12.0
Profit for the year	14.4	10.8	14.7
Profit for the year attributable to the equity holders of the parent company	12.0	10.1	11.9
Earnings per share (fils) (basic)	67.0	56.2	66.5
Earnings per share (fils) (diluted).....	67.0	56.2	66.5

* The comparative consolidated total assets as at 31 December 2017 have been restated in the audited consolidated financial statements for the year ended 31 December 2018, in accordance with IAS 8.

- Gross premiums written ("**GPW**") increased from KD 213.2 million in 2016 to KD 304.8 million in 2017 representing growth of 42.9 per cent. primarily from growth in medical business of Kuwait operations and acquisition of a non-life insurer in Turkey. For the year ended 31 December 2018, Premiums written increased by 10.2 per cent. to reach KD 335.7 million as compared to KD 304.8 million for the year ended 31 December 2017. Growth in gross premium written was driven by GIG Bahrain and GIG Turkey as premium increased from existing clients and new clients were added.
- Net underwriting income declined from KD 13.4 million in 2016 to KD 8.3 million in 2017, which represents a decrease of 38.6 per cent. majorly due to increase in claims in motor business. Net underwriting income increased for the year ended 31 December 2018 to KD 12.0 million as compared to KD 8.3 million for year ended 31 December 2017. Net underwriting income in 2018 increased due to improvement in the medical line of business in GIG Jordan and GIG Kuwait.
- Net profit attributable to equity holders of the parent company decreased from KD 12.0 million in 2016 to KD 10.1 million in 2017, a decrease of 16.1 per cent. The decrease in the net profit attributable to equity holders of the parent company was mainly due to decline in underwriting. GIG recorded a net profit attributable to equity holders of the parent of KD 11.9 million for the year ended 31 December 2018 as compared to KD 10.1 million for the year ended 31 December 2017, increase was led by better underwriting performance coupled with the increase in investment return.

United Gulf Holding Company

United Gulf Bank B.S.C. ("**UGB**") has undergone a corporate reorganisation during 2017 whereby the regulated banking activities have been segregated from non-regulated services. For this purpose, the Guarantor incorporated a public shareholding company in the Kingdom of Bahrain named United Gulf

Holding Company B.S.C. ("UGH") which acquired a 100 per cent. shareholding of UGB's regulated banking business.

As part of the corporate reorganisation, the portfolio of core investments managed by UGB have been transferred to UGH. UGB continues to remain a wholesale conventional bank governed by the Central Bank of Bahrain. The regulated banking activities (including lending and accepting deposits), and Asset management and Investment Banking activities along with related liabilities will be retained at UGB level.

The strategic reorganisation of operations has involved setting out clear goals for the two distinct business lines and is intended to help enhance performance and bring capital efficiency to the business. The consolidated financial statements of UGH mirrors the pre-reorganisation consolidated financial position of UGB and the existing shareholding structure of UGB has been moved up to the UGH level.

The corporate reorganisation plan, including the share swap of one UGH share for every two UGB shares, was approved by the shareholders of UGB in an extraordinary general meeting on 25 September 2017 subsequent to obtaining regulatory approvals. As part of the reorganisation, UGH was listed on the Bahrain Bourse on 28 September 2017, while UGB has been delisted.

UGH is a public Bahraini shareholding company which was registered with the MOIC on 28 June 2017 with commercial registration number 114160. Its principal activities are that of a holding company under ISIC Rev. 4 code no. 642 and it operates as a holding company of the activities of the Group in Bahrain. Through its subsidiaries and associates it has interests in commercial and investment banking, asset management services and real estate. The holding company through its subsidiaries also manages a diversified portfolio of investments in private equity funds, private equities, structured products and trading portfolios. The address of UGH's registered office is UGB Tower, Diplomatic Area, P.O. Box 5565, Manama, Kingdom of Bahrain.

Under a series of transactions in 2013 and 2014, Burgan Bank and UGB (now UGH) completed the acquisition of FIMBank and currently hold 8.5 per cent. and 78.7 per cent., respectively. The total cumulative stake held in FIMBank by Burgan Bank and UGH is 89.0 per cent. as of 31 December 2018 (Tunis International Bank holds 1.8 per cent. as of 31 December 2018). FIMBank is an international trade finance specialist providing trade finance solutions to corporates, banks and individuals worldwide.

As at 31 December 2018, the Guarantor's direct effective interest in UGH was 48.3 per cent. and its consolidated effective interest was 93.0 per cent.

As at the end of trading on 31 March 2019, the closing price for shares of UGH was KD 0.999 (U.S.\$3.284) per share giving it a market capitalisation of KD 412.5 million (U.S.\$1,355.9 million).

UGH's major investments at consolidated level are United Gulf Bank, FIMBank, URC and Burgan Bank.

United Gulf Bank

UGB is a closed joint stock company incorporated in the Kingdom of Bahrain in 1980, under commercial registration number 10550. The principal activities of UGB and its subsidiaries comprise AMIB, merchant banking, treasury operations and other investment-related activities.

The address of UGB's registered office is UGB Tower, Diplomatic Area, P.O. Box 5964, Manama, Kingdom of Bahrain.

UGB was registered under an investment banking licence issued by the Central Bank of Bahrain (previously known as the Bahrain Monetary Agency). On 1 July 2006, the Central Bank of Bahrain implemented a new regulatory and supervisory framework for licensing banks in the Kingdom of Bahrain. Under the new framework, UGB is licenced as a conventional wholesale bank.

UGB offers its clients the full range of investment banking (including corporate finance and advisory services), merchant banking, asset management and brokerage services, both directly and indirectly through its subsidiaries and associates in the financial services sector. UGB also has a diversified proprietary portfolio of investments, including listed and unlisted private equity, hedge funds, securities and other financial instruments.

Financial Summary

The financial information set out below has been extracted from (i) UGB's audited consolidated financial statements (which are reported in U.S.\$) for the year ended 31 December 2016 and (ii) UGH's audited consolidated financial statements for the years ended 31 December 2017 and 31 December 2018.

	As at and for the year ended 31 December 2016	As at and for the year ended 31 December 2017	As at and for the year ended 31 December 2018
	<i>U.S.\$ million</i>		
Total assets	3,005.7	3,017.0	3,398.6
Total income.....	138.0	156.6	208.0
Net profit for the year from continuing operations	1.0	17.6	24.0
Net profit for the year attributable to equity holders of the parent.....	6.3	12.7	18.6
Earnings per share for continuing operations attributable to shareholders of parent (in cents) (basic)	0.8	2.6	2.2
Earnings per share for continuing operations attributable to shareholders of parent (in cents) (diluted).....	0.8	2.6	2.2

Note: As UGH commenced its operations in October 2017, the income statement of UGH for 2017 comprises the first nine months results for UGB and the Q4'17 results for UGH.

- As at 31 December 2017, UGH had total assets of U.S.\$ 3,017.0 million, an increase of 0.4 per cent. over 31 December 2016.
- As at 31 December 2018, UGH had total assets of U.S.\$ 3,398.6 million, an increase of 12.6 per cent. over 31 December 2017. As at 31 December 2018, loans and advances decreased to U.S.\$ 664.5 million from U.S.\$ 972 million as at 31 December 2017 mainly due to the reclassification of subsidiary assets from loans and advances to FVTPL. Investment in associates accounted for 22.1 per cent. of total assets as at 31 December 2018 as compared to 25.1 per cent. as at 31 December 2017. Investments carried at fair value through the income statement and non-trading investments accounted for 26.3 per cent. of the total assets as at 31 December 2018 as compared to 13.4 per cent. as at 31 December 2017.
- Total income for the year ended 31 December 2017 increased by 13.5 per cent. to U.S.\$ 156.6 million from U.S.\$ 138.0 million for the year ended 31 December 2016, mainly due to increase in interest income and investment income partly offset by lower share of results in associates.
- Total Income for the year ended 31 December 2018 increased by 32.8 per cent. to U.S.\$ 208.0 million from U.S.\$ 156.6 million for the year ended 31 December 2017, primarily due to higher advisory and management fees, U.S.\$ 24 million gain on a bargain purchase on the acquisition of Global Investment House (GIH) by KAMCO, as well as the consolidation of Global Investment House results. KAMCO completed acquisition of GIH in September 2018, accordingly, results of GIH for four months (September to December 2018) have been consolidated in UGH's consolidated financial statements for 2018 through consolidation of UGB.
- Net profit for the year attributable to equity holders of the parent significantly increased to U.S.\$ 12.7 million for the year ended 31 December 2017 from U.S.\$ 6.3 million for the year ended 31 December 2016. The increase in profit was primarily due to increase in total income. Net profit for the year attributable to equity holders of the parent increased to U.S.\$ 18.6 million for the year ended 31 December 2018. The increase in profit was primarily due to increase in total income.

Panther Media Group

Panther Media Group Ltd ("**PMG**") was incorporated in 2009 as a joint venture between KIPCO and Mawarid to merge the operations of two leading pay-TV operators in the Middle East region, Showtime and Orbit. The Guarantor is the majority shareholder in PMG with an effective equity holding of 60.5 per cent. as of 31 December, 2018, with the balance held by Al Mawarid. PMG is registered in the Dubai International Financial Centre with its headquarters in Dubai.

The address of the principal place of business of PMG is OSN Building 1, Al Bourooj Street, Dubai Media City, PO Box 502211, Dubai, United Arab Emirates.

PMG provides pay-TV services under the brand name "OSN". It has rights to broadcast in 25 countries, but currently focuses on 7 core markets, being UAE, KSA, Kuwait, Qatar, Egypt, Bahrain and Jordan. As at 31 December 2018, the total subscriber base of OSN was approximately 1.1 million. OSN addresses the demand for Western, Arabic, South Asian and Filipino programming in the MENA region through 152 premium channels which includes 72 HD channels, 31 owned and operated channels, 38 South Asian channels and 15 Filipino channels, showing premium drama and entertainment in English, Arabic and some Asian languages. It offers the latest Hollywood movies and series in the Middle East. It carries some of the world's largest global programming brands including Disney, E! Entertainment and MTV. It also carries leading Arabic brands such as MBC+, Al Yawm and Shasha. Further, OSN has exclusive broadcast rights of international tournaments such as the ICC World Cup, in addition to popular South Asian channels in various languages such as Hindi, Urdu, Bengali, Tamil and Malayalam.

OSN benefits from a forward-looking technology footprint, and was first to launch an online TV platform, HD, internet enabled satellite receiver and recorder, on Demand and VOD services in the region.

OSN has a large number of Video-on-Demand ("**VOD**") assets, subscription programming as well as the OSN store, supporting all its transactional content. OSN Play is its tethered digital platform, comprised of a mixture of VOD and linear services for iOS, Android and smart TV devices. WAVO is a lower priced standalone Over the Top ("**OTT**") offering soon to be relaunched with superior user interface and functional capabilities. After the relaunch, WAVO is expected to provide a seamless experience to its customers, along with the best content available globally. This platform is anticipated to be one of the key growth drivers for the business, catered towards the digital audience in the region.

During the year, OSN has rolled out several initiatives to improve customer experience and further de-risk its business model through diversification into lower priced packages and OTT. The company has recently developed a new pricing proposition (El Farq) in its core markets which effectively passes on the benefit of online sales channels to eventual customers in terms of price reduction. Further, as the industry continues to evolve through the advent of low-cost global players and challenging macro-economic conditions, OSN is continuously driving efficiencies both in digital transformation and operational productivity to develop a more resilient business model.

Financial Summary

The Guarantor had accounted for its interest in OSN using the equity method. On 8 August 2018, the board of directors of the Guarantor approved initiating an active plan to divest its entire interest in OSN. The Guarantor has engaged an international investment banker for this purpose. The strategic options include: (i) refocusing the business back to profitability through the resizing of the business, content optimisation and digital product offerings; (ii) introducing strategic partners; and (iii) disposal of the Guarantor's interests in OSN. As a result, the investment in the media joint venture has been classified as "Non-current asset held for sale" in accordance with IFRS 5 - Non-current Assets held for sale and discontinued operations in the consolidated statement of financial position for the year ended 31 December 2018. As at 31 December 2018, the Guarantor's carrying value of OSN as asset held for sale was KD 187.3 million. The Guarantor is actively seeking transactions to improve OSN's business and, in the event of a disposal, intends to achieve a purchase price in excess of OSN's carrying value.

The business of OSN represented the entirety of the Group's media operating segment. In accordance with IFRS 5, the investment in OSN is classified as a discontinued operation and accordingly, the media segment is no longer presented in the segment note.

The financial information set out below has been extracted from note 29 to the Guarantor's audited consolidated financial statements for the year ended 31 December 2017 and note 31 to the Guarantor's audited consolidated financial information for the year ended 31 December 2018.

	For the year ended 31 December 2016	For the year ended 31 December 2017	For the year ended 31 December 2018
		<i>KD million</i>	
Media segment revenue.....	(6.5)	(30.2)	NA*
Media segment results.....	(6.5)	(30.2)	NA*
Total comprehensive loss for the year from discontinued operations.....	NA	(53.0)	(38.1)**
Group's share of total comprehensive loss for the year from discontinued operations.....	NA	(30.1)	(23.0)**

* *Not applicable as has been classified as "Non-current asset held for sale" in accordance with IFRS 5 - Non-current Assets held for sale and discontinued operations ("IFRS 5")*

***Represents activity until 8 August 2018, prior to the classification as non-current assets held for sale & discontinued operations.*

United Real Estate Company

United Real Estate Company S.A.K.P. ("**URC**") was established in 1973 under the Amiri decree as a Kuwait shareholding company (registration number 19140) and was listed on the Boursa Kuwait in 1984. The registered office of URC is at Al-Shaheed Tower, Khalid bin Al-Waleed Street, Sharq, P.O. Box 2232, Safat 13023, Kuwait.

URC is an integrated real estate company, which provides real estate services across the real estate value chain including project and construction management, contracting and facility management. It invests, manages and develops real estate properties in the State of Kuwait and within the MENA region. URC's properties are owned directly and indirectly through subsidiaries or investment arms. URC's property portfolio includes a combination of retail, office, hospitality and residential properties.

With an asset base of KD 616.8 million as at 31 December 2018, URC is the second largest real estate company listed on the Boursa Kuwait by total assets (as at 31 December 2018) and is the sixth largest real estate company listed on the Boursa Kuwait by market capitalisation (as at 31 December 2018).

As at 31 December 2018, the Guarantor's direct effective interest in URC was 53.8 per cent. and its consolidated effective interest was 72.5 per cent.

Historically, URC's real estate operations have been primarily focused in the State of Kuwait and were largely Built Operate Transfer ("**BOT**") projects. However, in the last decade it has expanded its strategy to diversify its assets across various business segments and expand into the region and beyond (Jordan, Egypt, Oman, UAE, Syria, Lebanon, Morocco and the United Kingdom).

In recent years, URC rationalised many of its assets especially those non-earning / non-strategic assets and conducted a planned phased sales programme of these assets. In addition, it has also focused on reducing its dependence on BOT projects. Its landmark projects include Salalah Gardens Mall and Salalah Gardens residences (Oman), Marina World, Marina Hotel and Marina Plaza (Kuwait), Hilton Heliopolis Hotel and the Waldorf Astoria Cairo Heliopolis Tower (Egypt), Aswar and Manazel Residences (Egypt), Abdali Mall (Jordan) and Raouche Premium Residential Apartments (Lebanon). In addition, URC has projects under development in Kuwait and Morocco. In 2018, URC completed the acquisition of the Abdali mall in Amman through its subsidiary URC Jordan.

On 27 December 2010, the Guarantor invested KD 40.5 million and acquired a 19 per cent. stake in URC in connection with URC's rights issue. As a result of this, URC is now a 72.5 per cent. (consolidated effective stake) subsidiary of the Guarantor and its results (and those of its subsidiaries) are consolidated with those of the Guarantor from 27 December 2010.

As at the end of trading on 31 March 2019, the closing price for shares of URC was KD 0.062 (U.S.\$0.202) per share giving it a market capitalisation of KD 66.1 million (U.S.\$217.28 million).

Financial Summary

The financial information set out below has been extracted from URC's audited consolidated financial statements for the years ended 31 December 2017 and 31 December 2018.

	As at and for the year ended 31 December 2016	As at and for the year ended 31 December 2017	As at and for the year ended 31 December 2018
	<i>KD million</i>		
Total assets	571.7	602.4	616.8
Revenue	70.7	87.1	103.5
Net profit/(loss) for the year	10.4	1.5	(8.9)
Net profit/(loss) for the year attributable to equity holders of the parent company	8.7	2.2	(9.0)
Earnings/(Loss) per share (in fils) (basic)	8.1	2.1	(8.4)
Earnings/(Loss) per share (in fils) (diluted)	8.1	2.1	(8.4)

- As at 31 December 2017, URC had a total asset base of KD 602.4 million, which increased by 5.4 per cent., compared to KD 571.7 million as at 31 December 2016 primarily driven fair value gains in land bank and higher accounts receivables. Total assets increased by 2.4 per cent. to KD 616.8 million as at 31 December 2018 as compared to 31 December 2017 due to increase in property & equipment.
- Total revenue in 2017 increased to KD 87.1 million from KD 70.7 million in 2016, an increase of 23.1 per cent. The increase is explained by the growth of URC's contracting property and facilities management services. For the year ended 31 December 2018, total revenue of URC was KD 103.5 million, an 18.9 per cent. increase over the year ended 31 December 2017 mainly driven by increase in contracting and service revenue and sale of Aswar & Raouche properties.
- Net profit attributable to equity holders of the parent decreased to KD 2.2 million in 2017 from KD 8.7 million in 2016, representing a decrease of 74.5 per cent. This decrease in profits was primarily due to higher finance costs and higher losses from associates in the year ended 31 December 2017.
- The net loss attributable to equity holders of the parent for the year ended 31 December 2018 was KD 9.0 million compared to a profit of KD 2.2 million for the year ended 31 December 2017. The losses in 2018 were on account of valuation losses from Marina World and Fujairah, increase in financing costs and additional provisions in Abdali mall & Salalah mall.

OTHER MAJOR SUBSIDIARIES

United Industries Company

Established in 1979, United Industries Company K.S.C. (Closed) ("**UIC**") is a closed shareholding company based in the State of Kuwait.

It was listed on the Boursa Kuwait in 1997 and was voluntarily delisted from the Boursa Kuwait in December 2014. UIC's authorised and paid up capital was KD 49.5 million as at 31 December 2018.

The address of UIC's registered office is Sharq Area - Khalid Bin Al-Waleed St., Al-Shaheed Tower, P.O. Box 25821, Safat 13119, Kuwait.

As at 31 December 2018, the Guarantor's direct effective interest in UIC was 53.4 per cent. and consolidated effective interest was 77.8 per cent.

UIC's major investments are:

Qurain Petrochemical Industries Company K.S.C.P ("QPIC**")** (as at 31 December 2018, UIC holds a 31.2 per cent. stake) – As part of the Government of Kuwait's strategy to privatise the hydrocarbon industry, QPIC was incorporated in 2004 by Petrochemical Industries Company ("**PIC**"), the petrochemical arm of the government of Kuwait that contributed to 10 per cent. of its share capital and the balance of 90 per cent. of its shares were listed on Boursa Kuwait on 9 July 2007. It is a holding company investing in the oil and gas and petrochemical sector. QPIC holds a 40.1 per cent. stake in SADAFCO, which has a presence in the food sector. SADAFCO is based in Saudi Arabia with operations across the Middle East and has a significant market share in tomato paste, ice-cream and drinking milk.

Advanced Technology Company K.S.C.P ("ATC**")** - UIC holds a 19.3 per cent. equity interest in ATC, one of the largest medical equipment suppliers and solution providers in the State of Kuwait.

On 29 June 2010, the Guarantor invested KD 14.0 million in UIC in connection with UIC's rights issue and in September 2010 purchased an additional stake in UIC from KAMCO for KD 10.9 million, thus acquiring a direct 23 per cent. stake in UIC. As a result, UIC became a 69.5 per cent. (consolidated effective stake) subsidiary of the Guarantor and its results (and those of its subsidiaries) were consolidated with those of the Guarantor from 29 June 2010.

Financial Summary

The financial information set out below has been extracted from UIC's audited financial statements for the years ended 31 December 2017 and 31 December 2018.

	As at and for the year ended 31 December 2016	As at and for the year ended 31 December 2017	As at and for the year ended 31 December 2018
		<i>KD million</i>	
Non-Current Assets*	228.0	242.9	256.1
Total asset.....	229.8	245.2	258.1
Income.....	14.7	11.9	11.9
Profit for the year	7.8	5.9	5.1

* Includes investment in Available for Sale, investment in associates and investment properties

- As at 31 December 2018, UIC's total assets increased by 5.3 per cent. to KD 258.1 million from KD 245.2 million in 2017 mainly due to an increase in investment in associates, investments at amortised cost and financial assets at fair value through other comprehensive income partly offset by decline of financial assets available for sale.

For the year ended 31 December 2018, UIC's income was KD 11.9 million, and remained almost unchanged in comparison to the year ended 31 December 2017.

Net (loss) / profit from non-continued operations.....	0.5	(1.2)	0.3
Profit for the year attributable to equity holders of bank	30.0	27.0	42.1

- As at 31 December 2017, the total assets increased by 3.4 per cent. to JOD 2.8 billion from 31 December 2016 mainly due to an increase in direct credit facilities offered by JKB. At 31 December 2018, total asset decreased by 3.9 per cent. to JOD 2.7 billion as compared to 31 December 2017 primarily driven by decline in balances with Banks & Financial institutions.
- As at 31 December 2018, direct credit facilities (net) amounted to JOD 1.6 billion; a growth of 4.5 per cent. from 31 December 2017.
- For the year ended 31 December 2017, operating income was at JOD 123.4 million, an increase of 3.8 per cent. as compared to the year ended 31 December 2016. For the year ended 31 December 2018, operating income increased by 1.0 per cent. to JOD 124.7 million, as compared to the year ended 31 December 2017.
- For the year ended 31 December 2017, profit for the year attributable to equity holders of JKB decreased by 9.4 per cent. to JOD 27.0 million from JOD 29.7 million in 2016. This is mainly due to higher operating expenses by 6.7 per cent. Operating expenses increased by JOD 5.1 million in 2017 over 2016, as a result of an increase in both employee expenses and other expenses.
- For the year ended 31 December 2018, profit for the year attributable to equity holders of JKB increased by 56.3 per cent., to reach JOD 42.1 million, as compared to the year ended 31 December 2017 due to lower impairment provision on credit facilities & reversal of expected credit losses.

MANAGEMENT

The Board of Directors of the Guarantor

Pursuant to its Articles of Association, the Guarantor's board of directors consists of five directors. The Guarantor's Articles of Association provide that each director is elected at an ordinary general meeting of shareholders for a three-year term and is eligible for re-election upon the expiration of such term. The board of directors has the power to appoint and remove the Chairman and Chief Executive Officer ("CEO") at any time provided there is a quorum of three directors.

The members of the board of directors are set out below. Each Director was re-elected for a term of three years at the Annual General meeting on 10 April 2019. Each Director's business address is P.O. Box 23982, Safat 13100, State of Kuwait.

Sheikh Hamad Sabah Al Ahmad Al Sabah (Chairman, Age 70)

- Chairman of Kuwait Projects Company (Holding) K.S.C.P., Kuwait
- Chairman of Saudia Dairy and Foodstuffs Group of Companies, Kingdom of Saudi Arabia
- Chairman of Gulf Egypt Hotels and Tourism Company, Egypt
- Chairman Mashare'a Al-Khair Est., Kuwait

Faisal Hamad Al-Ayyar (Vice Chairman (Executive), Age 64)

- Chairman of Panther Media Group (OSN), UAE
- Honorary Chairman of Kuwait Association for Learning Differences, Kuwait
- Vice Chairman (Executive) of Kuwait Projects Company (Holding) K.S.C.P., Kuwait
- Vice Chairman of United Gulf Bank, Bahrain
- Vice Chairman of United Gulf Holding Company, Bahrain
- Vice Chairman of Gulf Insurance Group, Kuwait
- Vice Chairman of Jordan Kuwait Bank, Jordan
- Vice Chairman of Mashare'a Al-Khair Est., Kuwait
- Vice Chairman of Saudia Dairy and Foodstuffs Group of Companies, Kingdom of Saudi Arabia
- Board member of Gulf Egypt Hotels and Tourism Company, Egypt
- Trustee of American University of Kuwait, Kuwait

Abdullah Yacoub Bishara (Director, Age 83)

- Board member of Kuwait Projects Company (Holding) K.S.C.P., Kuwait
- Member of G.C.C. Supreme Advisory Assembly
- President of Diplomatic Centre for Strategic Studies
- Board member of Saudia Dairy and Foodstuffs Group of Companies, Kingdom of Saudi Arabia

Sheikh Abdullah Nasser Sabah Al-Ahmed Al-Sabah (Director, Age 42)

- Chairman of KAMCO Investment Company K.S.C.P., Kuwait
- Vice-Chairman of Al Daiya United Real Estate Company, Kuwait
- Board member of Kuwait Projects Company (Holding) K.S.C.P., Kuwait
- Board member of United Gulf Bank, Bahrain

Sheikha Futtouh Nasser Sabah Al-Ahmad Al-Sabah (Director, Age 28)

- Board member of Kuwait Projects Company (Holding) K.S.C.P., Kuwait

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

Family relationships among the members of the board of directors are as follows:

- Sheikh Hamad Sabah Al-Ahmad Al-Sabah (Chairman) is the uncle (father's brother) of Sheikh Abdullah Nasser Sabah Al-Ahmad Al-Sabah (Director) and Sheikha Futtouh Nasser Sabah Al-Ahmad Al-Sabah (Director).

- Sheikh Abdullah Nasser Sabah Al-Ahmad Al-Sabah (Director) and Sheikha Futtouh Nasser Sabah Al-Ahmad Al-Sabah (Director) are siblings.

The Executive Management of the Guarantor

The table below sets forth certain information with respect to the Executive Management of the Guarantor, as of 15 May 2019. The business address of each member of the Executive Management is P.O. Box 23982, Safat 13100, State of Kuwait.

Name	Age	Position	Years with the Group
Faisal Hamad Al-Ayyar	64	Vice Chairman (Executive)	29
Samer Subhi Khanachet	68	Group Chief Operating Officer	29
Tariq Mohammad Abdulsalam	53	Chief Executive Officer – Investments	25
Pinak Maitra	60	Group Chief Financial Officer	30
Khaled Abdul Jabbar Al Sharrad	54	Group Chief Human Resources and Administration Officer, Board Secretary	22
Mohsen Ali Hussain	50	Group Chief Audit Executive	13
Mazen Isam Hawwa	44	Group Senior Vice President, Finance & Operations	18
Joe Kawkabani	40	Group Chief Strategic Initiatives Officer	8 months
Adel Jassem Al Waqayan	58	Treasurer	23
Osama Talat Al Ghoussein	60	Senior Vice President, Banking	6
Tawfiq Ahmad Al Jarrah	58	Executive Director - Hessah Al Mubarak District	2
Eman Mohammad Al Awadhi	40	Group Communications Director	8
Robert Drolet	62	Consultant	13

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

RISK MANAGEMENT

Risk is inherent in the Group's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability.

Each subsidiary of the Group is responsible for managing its own risks and has its own board committees, including audit and executive committees, in addition to other management committees such as the credit / investment committee and (in the case of major subsidiaries) the asset liability committee, or equivalent, with responsibilities generally analogous to the Group's committees.

The independent risk control process does not cover business risks such as changes in the business environment, technology and industry. These risks are monitored through the Group's strategic planning process.

The board of directors is ultimately responsible for the overall approach to risk management and for approving the risk strategies and principles.

Monitoring and controlling risk is primarily performed based on limits established by the Group. These limits reflect the business strategy of the Group and the market environment in which the Group operates, as well as the level of risk that the Group is willing to accept, with additional emphasis on selected geographic and industrial sectors. In addition, the Group monitors and measures its overall risk-bearing capacity in relation to its aggregate risk exposure across all risk types and activities.

The operations of certain Group subsidiaries are also subject to regulatory requirements within the jurisdictions where they operate. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default by or insolvency of banking and insurance companies and to meet unforeseen liabilities as these arise.

As a part of its overall risk management, the Group uses derivatives and other instruments to manage exposures resulting from changes in interest rates and foreign exchange rates.

The risk profile is assessed before entering into hedge transactions, which are authorised by an officer with the appropriate level of seniority within the Group.

The Group classifies the risks faced as part of its monitoring and controlling activities into certain categories of risks and accordingly specific responsibilities have been given to various officers for the identification, measurement, control and reporting of these identified categories of risks.

REGULATION

Company formation and governance is governed by the Companies Law which is administered by the Ministry of Commerce and Industry.

Consolidated financial statements of the Guarantor and its Principal Companies are audited in accordance with International Standards on Auditing. Kuwait is a member of the International Federation of Accountants (IFAC) and adopted IAS in 1990.

SUMMARY OF ALTERNATIVE PERFORMANCE MEASURES

Certain financial measures presented in this Base Prospectus are not defined in accordance with IFRS accounting standards. The Issuer and the Guarantor believe that these alternative performance measures (as defined in the European Securities and Markets Authority guidelines (the "**ESMA Guidelines**") on Alternative Performance Measures ("**APMs**")) provide useful supplementary information to both investors and to the Guarantor's management, as they facilitate the evaluation of underlying operating performance and financial position across financial reporting periods. However, investors should note that, since not all companies calculate financial measurements, such as the APMs presented in this Base Prospectus, in the same manner, these are not always directly comparable to performance metrics used by other companies.

Additionally, the APMs presented in this Base Prospectus are unaudited and have not been prepared in accordance with IFRS or any other accounting standards. Accordingly, these financial measures should not be seen as a substitute for measures defined according to IFRS. The Issuer and the Guarantor consider that the following metrics presented in this Base Prospectus constitute APMs for the purposes of the ESMA Guidelines:

Metric	Definition	Rationale for inclusion
Assets under Management ("AUM") & Custodial assets	AUM – Measures total market value of all financial assets which a financial institution manages on behalf of its clients and themselves.	Measuring total income generating assets for an asset management company at a point in time.
	Custodial assets - Assets held in custody on behalf of third parties.	Measuring assets held in custody as a percentage of AUM at a point in time.
Return on average assets	Financial measure expressing the earnings in proportion to total assets held by the Guarantor calculated as the profit for the year divided by average total assets, with average total assets calculated as sum of total assets as at the end of the financial year (to which profit for the year pertains) and the previous financial year divided by two.	Measures the earnings in proportion to the total assets held by the Guarantor.
Market value of the Guarantor's holding in listed Principal Companies	Number of shares directly held by the Guarantor in each of its listed Principal Companies (Burgan Bank, UGH, GIG, and URC) at the end of the financial year multiplied by the closing price of each share sourced from the stock exchange where each company has its main listing on the specified day (or if not a trading day, the last trading day before the specified date).	Measuring market value of listed investments held by the Guarantor at a point in time.
Listed asset coverage ratio	Financial measure to express the ratio of market value of the Guarantor's holding in each of its listed Principal Companies to its net debt. Net-debt is calculated as gross debt (including loans payable and medium-term notes and bonds) of the Guarantor minus its cash in hand and at bank.	Measuring coverage of the Guarantor's net debt with the market value of its holding in its listed Principal Companies.

Metric	Definition	Rationale for inclusion
Cash interest coverage ratio	Financial measure to express the ratio of the Guarantor's total cash income (share of dividends received from Principal Companies and other cash receipts) to the payment of net interest.	Measuring the ability to meet interest payments from total cash income.
Blended cash dividend payout ratio	Financial measure to express the ratio of aggregated proposed dividends of listed Principal Companies divided by the aggregated net income of listed Principal Companies.	Measuring the average dividend payout ratio for listed Principal Companies.
Non-Performing Assets / Gross Credit Facilities	Financial measure to express the ratio of non-performing assets to gross credit facilities.	Used to assess proportion of gross credit facilities that are non-performing at a point in time.
Total Provisions for Impairment to Non-performing Assets (aggregate of collaterals)	Financial measure to express the ratio of (total provisions made + collaterals) to total Non-Performing Assets.	A measure of coverage against Non-performing Assets.

TAXATION

The following is a general description of certain United Arab Emirates, Dubai International Financial Centre, Kuwaiti and other tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

United Arab Emirates (excluding the Dubai International Financial Centre)

Under current legislation, there is no requirement for withholding or deduction for or on account of United Arab Emirates or Dubai taxation in respect of payments made by the Guarantor under the documents to which it is a party and/or the Issuer under the Notes.

The Constitution of the United Arab Emirates specifically reserves to the Federal Government of the United Arab Emirates 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.

If any such withholding or deduction is required to be made in respect of payments due by: (i) the Guarantor under the documents to which it is a party; or (ii) the Issuer under the Notes, the Guarantor has undertaken in the documents to which it is a party to make gross-up payments to compensate for any such withholding.

Dubai International Financial Centre

Pursuant to Article 14 of Law No. (9) of 2004 in respect of the Dubai International Financial Centre (the "**DIFC Law**"), entities licenced, registered or otherwise authorised to carry on financial services in the Dubai International Financial Centre and their employees shall be subject to a zero rate of tax for a period of 50 years from 13 September 2004. This zero rate of tax applies to income, corporation and capital gains tax. In addition, this zero rate of tax will also extend to repatriation of capital and to transfers of assets or profits or salaries to any party outside the Dubai International Financial Centre. Article 14 of the DIFC Law also provides that it is possible to renew the 50-year period to a similar period upon issuance of a resolution by the Ruler of the Emirate of Dubai. As a result no payments by the Issuer under the Notes are subject to any Dubai International Financial Centre tax, whether by withholding or otherwise.

If any such withholding or deduction is required to be made in respect of payments due by: (i) the Guarantor under the documents to which it is a party; or (ii) the Issuer under the Notes, the Guarantor has undertaken in the documents to which it is a party to make gross-up payments to compensate for any such withholding.

Kuwait

*This summary of taxation in Kuwait is based on the Kuwait Income Tax Decree No. 3 of 1955 (the "**Decree**"), as amended by Law No. 2 of 2008 "Amending Certain Provisions of Kuwait Income Tax Decree No. 3 of 1955" (the "**Amendment**"), the Executive Bylaws of the Amendment (the "**Regulations**"), and various ministerial resolutions and circulars relating thereto issued by the Ministry of Finance (the "**MOF**"), Article 150 (bis) of Law No. 7 of 2010 Concerning the Establishment of the Capital Markets Authority and the Regulation of Securities Activities (which was introduced pursuant to Law No. 22 of 2015 ("**Article 150 (bis)**") and Ministry of Finance Administrative Order No. 2028 of 2015 (the "**Administrative Resolution**") (together, the "**Taxation Laws**") as interpreted and implemented by the MOF's Department of Income Tax (the "**DIT**") as at the date of this Base Prospectus). Any subsequent changes in either the Taxation Laws or the interpretation or implementation of the same by the DIT may alter and affect this summary.*

Income tax

Under the Taxation Laws, income tax (at a flat rate of 15 per cent.) is levied on, *inter alia*, the net income and capital gains realised by any corporate entity (interpreted by the DIT to mean any form of company or partnership), wherever incorporated, that conducts business in Kuwait. However, the DIT to date has

granted a concession to such corporate entities incorporated in Kuwait or in any other GCC country (being referred to in this Base Prospectus as "**GCC corporate entities**") and has only imposed income tax on corporate entities which are not GCC corporate entities (being referred to in this Base Prospectus as "**non-GCC corporate entities**") which, for the avoidance of doubt, includes shareholders of GCC corporate entities which are themselves non-GCC corporate entities, in each case, conducting business in Kuwait.

Article 150 (bis) and the Administrative Resolution provides that returns from bonds and other similar securities (which would include income generated from the holding of the Notes), regardless of the nature of the issuer, is exempt from Kuwait tax and this should also apply to non-GCC corporate entities.

However, see "*Risk Factors – The application and enforcement of the Kuwaiti income tax regime is uncertain and Noteholders which are "non-GCC corporate entities" may become subject to the Kuwaiti income tax regime in certain limited circumstances*".

Individuals are not subject to any Kuwaiti income tax on their income or capital gains.

Retention

Under the Regulations, a Kuwaiti-based party making a payment (being referred to in this section as the **payer**) to any other party (being referred to in this section as the "**payee**"), wherever incorporated, is obliged to deduct five per cent. of the amount of each such payment until such time as the DIT issues a tax clearance certificate approving the release of such amount. The payer is not required to transfer the deducted amount to the DIT immediately, but instead retains such amount and releases it either: (i) to the payee upon presentation to the payer by such payee of a tax clearance certificate from the DIT confirming that the payee is not subject to or is exempt from income tax, or has realised a loss, or has paid or guaranteed the payment of its income tax; or (ii) in the absence of such a tax clearance certificate, to the DIT, on demand.

According to a literal interpretation of the Regulations, payments which are subject to a deduction as described above would include principal and interest payments. Accordingly, a payer (such as the Guarantor) would be required to deduct five per cent. from every payment made by it to a payee (such as the Issuer and the holders of the Notes (if there was a call on the Guarantee of Notes)), which amount would be released by the payer upon presentation to it by the payee of a tax clearance certificate from the DIT.

Neither Article 150 (bis) nor the Administrative Resolution endorsing the provisions thereof, address the issue of whether or not there remains an obligation to make a deduction as specified above.

In the event of any such deduction, the Trust Deed provides that the Guarantor will pay such additional amounts in order that the net amounts received by the Holders shall equal the amount which would have been receivable in the absence of such deduction.

Other taxes

Save as described above, all payments in respect of the Notes and the Trust Deed may be made without withholding, deduction or retention for, or on account of, present taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of Kuwait.

No stamp, registration or similar duties or taxes will be payable in Kuwait by holders of Notes in connection with the issue or any transfer of the Notes.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Cap. 112 of the Laws of Hong Kong) (the "**Inland Revenue Ordinance**") as it is currently applied by the Inland Revenue Department of Hong Kong, interest on the Notes is not subject to Hong Kong profits tax except under the following circumstances:

- i. interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- ii. interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- iii. interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- iv. interest on the Notes is received by or accrues to a company, other than a financial institution, and arises through or from the carrying on in Hong Kong by the company of its intra-group financing business (within the meaning of section 16(3) of the Inland Revenue Ordinance).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of the Notes may be subject to profits tax.

Sums derived from the sale, disposal or redemption of Bearer Notes may be subject to Hong Kong profits tax where received by or accrued to a person, other than a corporation, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. Sums received by or accrued to a corporation (other than a financial institution) by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (as defined in section 16(3) of the Inland Revenue Ordinance) from the sale, disposal or redemption of Bearer Notes will be subject to profits tax. Similarly, such sums in respect of Registered Notes received by or accrued to either the aforementioned person, financial institution, person and/or corporation will be subject to Hong Kong profits tax if such sums have a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed.

Stamp Duty

Stamp duty will not be payable on the issue of Bearer Notes provided either:

- i. such Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- ii. such Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117 of the Laws of Hong Kong) (the "**Stamp Duty Ordinance**")).

If stamp duty is payable, it is payable by the Issuer on the issue of Bearer Notes at a rate of 3 per cent. of the market value of the Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Notes **provided that** either:

- i. the Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

- ii. the Registered Notes constitute loan capital (as defined in the Stamp Duty Ordinance).

If stamp duty is payable in respect of the transfer of Registered Notes, it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by each of the seller and the purchaser) normally by reference to the value of the consideration. If, in the case of either the sale or purchase of such Registered Notes, stamp duty is not paid, both the seller and the purchaser may be liable jointly and severally to pay any unpaid stamp duty and also any penalties for late payment. If stamp duty is not paid on or before the due date (two days after the sale or purchase if effected in Hong Kong or 30 days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the Issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Notes (as described under "Terms and Conditions of the Notes—Further Issues") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

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 Notes (including secondary market transactions) in certain circumstances.

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.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Emirates NBD Bank PJSC, First Abu Dhabi Bank PJSC, HSBC Bank plc, J.P. Morgan Securities plc, KAMCO Investment Company K.S.C.P. and MUFG Securities EMEA plc (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an amended and restated Dealer Agreement dated 23 May 2019 (the "**Dealer Agreement**") and made between the Issuer, the Guarantor and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement provides for the resignation, or termination of appointment, of existing Dealers, and for the appointment of additional or other Dealers, either generally in respect of the Programme, or in relation to a particular Tranche of Notes.

United States of America: *Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.*

Each Dealer has acknowledged that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

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 the preceding sentence have the meanings given to them by the United States Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Principal Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", 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, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
 - (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, to the Issuer, the Guarantor and each other Dealer (if any) that:

- (a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) **Financial promotion:** 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
- (c) **General compliance:** 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.

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 be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (a) an "Exempt Offer" in accordance with the 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 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 (excluding that person's principal place of residence);

- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

State of Kuwait

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree the following:

No Notes have been licenced for offering in the State of Kuwait by the Kuwait Capital Markets Authority or any other relevant Kuwaiti government agency. The offering of Notes have not been and will not be offered, sold, promoted or advertised by it in the State of Kuwait other than in compliance with Law No. 7 of 2010 and the bylaws thereto (each as amended), together with the various resolutions, regulations, directives and instructions issued pursuant thereto or in connection therewith (regardless of nomenclature), or any other applicable law or regulation in the State of Kuwait, in respect of the offering, marketing and/or sale of securities. No private or public offering of Notes is being made in the State of Kuwait, and no agreement relating to the sale of Notes will be concluded in the State of Kuwait. No marketing or solicitation or inducement activities are being used to offer or market Notes in the State of Kuwait.

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 9 or Article 10 of the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the Capital Market Authority resolution number 3-123-2017 dated 27 December 2017, as amended by the Board of the Capital Market Authority resolution number 3-45-2018 dated 23 April 2018 (the "**KSA Regulations**"), made through a person authorised by the Capital Market Authority (the "**CMA**") to carry on the securities activity of arranging and following a notification to the CMA under Article 11 of the KSA Regulations.

The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "Sophisticated Investors" under Article 9 of the KSA Regulations or by way of a limited offer under Article 10 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Notes to a Saudi Investor will be made in compliance with Article 9 or Article 10 of the KSA Regulations.

Each offer of Notes shall not therefore constitute a "public offer", an "exempt offer" or a "parallel market offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 15 of the KSA Regulations. Any Saudi Investor who has acquired Notes pursuant to a private placement under Article 9 or Article 10 of the KSA Regulations may not offer or sell those Notes to any person unless the offer or sale is made through an authorised person appropriately licenced by the CMA and: (a) the Notes are offered or sold to a Sophisticated Investor (as defined in Article 9 of the KSA Regulations); (b) the price to be paid for the Notes in any one transaction is equal to or exceeds Saudi Riyals 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 15 of the KSA Regulations.

People's Republic of China

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the People's Republic of China (the "**PRC**") (excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan) as part of the initial distribution of the Notes.

Hong Kong

In relation to each Tranche of Notes to be issued by the Issuer under the Programme, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant 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, except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") other than: (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding-Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "CO") or which do not constitute an offer to the public within the meaning of the CO; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed nor will it circulate or distribute this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the 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 of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or

- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Notification under Section 309B(1)(c) of the SFA – Unless otherwise stated in the Final Terms in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

General

Each Dealer has agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the 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 none of the Issuer, the Guarantor, the Trustee and any other Dealer shall have any responsibility therefor.

None of the Issuer, the Guarantor, the Trustee and any of the Dealers have represented 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 any such sale.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or (in any other case) in a supplement to this Base Prospectus.

GENERAL INFORMATION

Listing

The admission of the Programme to trading on the London Stock Exchange's Regulated Market is expected to take effect on or around 29 May 2019. The price of the Notes on the price list of the London Stock Exchange will be expressed as a percentage of their principal amount (exclusive of accrued interest). Any Tranche of Notes intended to be admitted to trading on the London Stock Exchange's Regulated Market will be so admitted to trading upon submission to the London Stock Exchange of the relevant Final Terms and any other information required by the London Stock Exchange, subject to the issue of the relevant Notes. Prior to admission to trading, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day in London after the day of the transaction.

Authorisations

The update of the Programme was authorised by written resolutions of the directors of the Issuer on 20 May 2019. The giving of the guarantee contained in the Amended and Restated Trust Deed was authorised by way of passing the applicable resolutions at a meeting of the directors of the Guarantor on 6 November 2016. Each of the Issuer and the Guarantor has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the notes and the giving of the guarantee relating to them.

Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Series will be specified in the Final Terms relating thereto. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Use of proceeds

The net proceeds of the issue of each Tranche of Notes will be applied by the Issuer and/or the Guarantor for its general corporate purposes, which include making a profit.

Litigation

There are no, and have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) during the 12 months before the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or the Guarantor and its subsidiaries taken as a whole.

No significant change

There has been no material adverse change in the prospects of the Issuer since 31 December 2018, nor has there been any significant change in the financial or trading position of the Issuer since 31 December 2018.

There has been no material adverse change in the prospects of the Guarantor and its subsidiaries since 31 December 2018, nor has there been any significant change in the financial or trading position of the Guarantor and its subsidiaries, taken as a whole, since 31 March 2019.

Independent auditors

The financial statements of the Issuer for the financial years ended 31 December 2017 and 31 December 2018 incorporated by reference in the Base Prospectus have been prepared in accordance with IFRS and

have been audited by Ernst & Young Middle East (Dubai Branch), 28th Floor, Al Saqr Business Tower, Sheikh Zayed Road, Dubai, P.O. Box 9267, United Arab Emirates. Ernst & Young Middle East (Dubai Branch) is regulated as an auditor in the DIFC by the Dubai Financial Services Authority. There is no professional institute of auditors in the DIFC or the United Arab Emirates and, accordingly, Ernst & Young Middle East (Dubai Branch) is not a member of a professional body in the United Arab Emirates. All of the audit partners of Ernst & Young Middle East (Dubai Branch) are members of the institutes from which they received their professional qualification.

The consolidated financial statements of the Guarantor for the years ended 31 December 2017 and 2018 incorporated by reference in the Base Prospectus have been prepared in accordance with IFRS and have been audited jointly by Ernst & Young (Al Aiban, Al Osaimi and Partners), 18th floor, Baitak Tower, Safat Square, Ahmed Al Jaber Street, P.O. Box 74, Safat 13001, State of Kuwait, and RSM Albazie & Co. (Member of RSM International), Public Accountants, Arraya Tower, Floor 41 & 42, Abdulaziz Hamad Alsagar Street, Sharq P.O. Box 2115, Safat 13022, State of Kuwait, as stated in their reports incorporated by reference herein. Ernst & Young (Al Aiban, Al Osaimi and Partners) and RSM Albazie & Co. are partnership firms incorporated under Kuwait law, and are an independent member firm of Ernst & Young Global and RSM International, respectively. Ernst & Young (Al Aiban, Al Osaimi and Partners) and RSM Albazie & Co. are regulated by the Kuwait Ministry of Commerce and Industry and the Capital Markets Authority and are registered auditors licenced to act as auditors in Kuwait by the Kuwait Association of Accountants and Auditors.

Documents available for inspection

For the period of 12 months following the date of this Base Prospectus, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the specified office of the Principal Paying Agent and Registrar and from the registered office of the Issuer, namely:

- (a) the constitutive documents of the Issuer and the Guarantor;
- (b) a copy of this Base Prospectus and any supplements thereof;
- (c) the Agency Agreement;
- (d) the Trust Deed;
- (e) the Programme Manual (which contains the forms of the Notes in global and definitive form);
- (f) the unaudited interim condensed consolidated financial information of the Guarantor as at and for the three month period ended 31 March 2019, together with the notes thereto and the auditors' review report thereon;
- (g) the audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2017 and 31 December 2018, together with the notes thereto and the auditors' reports thereon;
- (h) the audited financial statements of the Issuer as at and for the years ended 31 December 2017 and 31 December 2018, together with the notes thereto and the auditors' report thereon;
- (i) the most recent publicly available financial statements (if any) of the Issuer and the most recently published audited consolidated financial statements of the Guarantor and the most recently published unaudited interim condensed consolidated financial information (if any) of the Guarantor, in each case together with the notes thereto and any auditors' report or review report (as applicable) thereon; and
- (j) any future offering circulars, prospectuses, information memoranda and supplements relating to the Programme, including any Final Terms relating to Notes.

Post Issuance Information

The Issuer does not intend to provide any post-issuance information in relation to any Note issues.

REGISTERED OFFICE OF THE ISSUER

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