## IMPORTANT NOTICE

THE ATTACHED BASE PROSPECTUS IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER: (I) QUALIFIED INSTITUTIONAL BUYERS ("**QIBs**") AS DEFINED IN, AND IN RELIANCE UPON, RULE 144A ("**RULE 144A**") UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"); OR (II) NON-U.S. PERSONS (AS DEFINED IN REGULATION S ("**REGULATION S**") UNDER THE SECURITIES ACT) LOCATED OUTSIDE THE UNITED STATES. THE ATTACHED BASE PROSPECTUS MAY NOT BE DISTRIBUTED DIRECTLY OR INDIRECTLY IN OR INTO THE UNITED STATES TO ANYONE THAT IS NOT A QIB.

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES IN THE UNITED STATES OR IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED IN THE BASE PROSPECTUS HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTIONS. THE SECURITIES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT: (I) IN ACCORDANCE WITH RULE 144A TO PERSONS REASONABLY BELIEVED TO BE QIBs WITHIN THE MEANING OF RULE 144A; OR (II) IN AN OFFSHORE TRANSACTION TO A PERSON THAT IS NOT A U.S. PERSON IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH THE SECURITIES LAWS APPLICABLE TO ANY RELEVANT STATE OF THE U.S. OR OTHER RELEVANT JURISDICTIONS.

THE BASE PROSPECTUS IS NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON TO, THE GENERAL PUBLIC IN THE UNITED KINGDOM. RATHER, THE COMMUNICATION OF THE BASE PROSPECTUS AS A FINANCIAL PROMOTION IS ONLY BEING MADE TO, AND THE DISTRIBUTION IN THE UNITED KINGDOM OF THE BASE PROSPECTUS, ANY FINAL TERMS, ANY PRICING SUPPLEMENT AND ANY OTHER MARKETING MATERIALS RELATING TO THE SECURITIES IS BEING ADDRESSED TO, OR DIRECTED AT, THE FOLLOWING PERSONS: (A) PERSONS WHO ARE INVESTMENT PROFESSIONALS AS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "**FINANCIAL PROMOTION ORDER**"); (B) PERSONS FALLING WITHIN ANY OF THE CATEGORIES OF PERSONS DESCRIBED IN ARTICLE 49 OF THE FINANCIAL PROMOTION ORDER; AND (C) ANY OTHER PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE MADE IN ACCORDANCE WITH THE FINANCIAL PROMOTION ORDER (EACH SUCH PERSON BEING REFERRED TO AS A "**RELEVANT PERSON**"). THIS COMMUNICATION IS BEING DIRECTED ONLY AT RELEVANT PERSONS AND ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS COMMUNICATION RELATES WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. NO PERSON OTHER THAN A RELEVANT PERSON SHOULD RELY ON IT.

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

**CONFIRMATION OF YOUR REPRESENTATION:** By accessing the Base Prospectus you confirm to the Issuer and the Dealers that: (i) you understand and agree to the terms set out herein; (ii) you consent to delivery of the Base Prospectus and any amendments or supplements thereto by electronic transmission; (iii) you will not transmit the Base Prospectus (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person; and (iv) you acknowledge that you will make your own assessment regarding any credit, investment, legal, taxation or other economic considerations with respect to your decision to subscribe or purchase any of the Notes (as defined in the Base Prospectus). In order to be eligible to view the Base Prospectus or make an investment decision with respect to the Notes, investors must be either: (a) QIBs (within the meaning of Rule 144A under the Securities Act) that are acquiring the Notes for their own accounts or the account of another QIB; or (b) non-U.S. persons (as defined in Regulation S) located outside the United States. The Base Prospectus is being sent at your request and by accepting the e-mail and accessing the Base Prospectus, you shall be deemed to have represented to the Issuer and the Dealers that: (1) you and any customers you represent are either: (x) QIBs; or (y) non-U.S. persons located outside the United States; (2) you are a person who is permitted under applicable law and regulation to receive the Base Prospectus; and (3) you consent to delivery of the Base Prospectus by electronic transmission.

You are reminded that the Base Prospectus has been delivered to you on the basis that you are a person into whose possession the Base Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Base Prospectus to any other person. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

The Base Prospectus does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that an offering of securities described herein be made by a licensed broker or dealer, such offering shall be deemed to be made by each Dealer (that is not a licensed broker or dealer in that jurisdiction) on behalf of the Issuer through its registered affiliate that is a licensed broker or dealer in that jurisdiction.

Under no circumstances shall the Base Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities described herein in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of the Base Prospectus who intend to subscribe for or purchase any Notes are reminded that any subscription or purchase may only be made on the basis of the information contained in the Base Prospectus as supplemented by the applicable Final Terms (as defined below) (or Pricing Supplement (as defined below), as applicable) and/or supplement(s) to the Base Prospectus (if any). The Base Prospectus may only be communicated to persons in the United Kingdom in circumstances where Section 21(1) of the Financial Services and Markets Act 2000, as amended, does not apply.

The distribution of the Base Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession the Base Prospectus comes are required by the Issuer and the Dealers to inform themselves about, and to observe, any such restrictions.

The Base Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Issuer, the Dealers nor any person who controls them nor any director, officer, employee nor agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Issuer and the Dealers. Please ensure that your copy is complete. If you received the Base Prospectus by e-mail, you should not reply by e-mail to this announcement. Any reply e-mail communications, including those you generate by using the "reply" function on your e-mail software, will be ignored or rejected. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

**BASE PROSPECTUS DATED 2 SEPTEMBER 2019**

# DP WORLD PLC

*(a public company incorporated in the Dubai International Financial Centre)*

# U.S.$10,000,000,000
# Global Medium Term Note Programme

Under this global medium term note programme (the "**Programme**"), DP World PLC (the "**Company**" or the "**Issuer**"), a public company incorporated in the Dubai International Financial Centre (the "**DIFC**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue global medium term notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined herein). The aggregate nominal amount of all Notes from time to time outstanding under the Programme will not at any time exceed U.S.$10,000,000,000 (or its equivalent in other currencies), subject to any increase as described in the Dealer Agreement (as defined herein).

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks, please see "*Risk Factors*" on page 1.**

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

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

This Base Prospectus has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**") as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") as a base prospectus issued in compliance with the Prospectus Regulation for the purpose of giving information with regard to the issue of Notes (other than Non-PR Notes (as defined below)) described in this Base Prospectus during the period of 12 months after the date hereof. The FCA has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer that is the subject of this Base Prospectus nor as an endorsement of the quality of any Notes. Investors should make their own assessment as to the suitability of investing in such Notes. This Base Prospectus is valid for a period of 12 months from the date of approval. Applications have been made for such Notes to be admitted during the period of 12 months after the date hereof to listing on the Official List of the FCA (the "**Official List**") and to trading on the Main Market (the "**Regulated Market**") of the London Stock Exchange plc (the "**London Stock Exchange**"). The Regulated Market is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**").

This Base Prospectus has been approved by the Dubai Financial Services Authority (the "**DFSA**") under the DFSA's Markets Rule 2.6 and is therefore an Approved Prospectus for the purposes of Article 14 of the DFSA's Markets Law 2012 (the "**Markets Law**"). Application has also been made to the DFSA for certain 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 securities maintained by the DFSA (the "**DFSA Official List**") and to Nasdaq Dubai for such Notes to be admitted to trading on Nasdaq Dubai.

References in this Base Prospectus to Notes (other than Non-PR Notes) being "**listed**" (and all related references) shall mean that: (i) such Notes have been admitted to listing on the Official List and admitted to trading on the Regulated Market; and/or (ii) such Notes have been admitted to listing on the DFSA Official List and admitted to trading on Nasdaq Dubai.

The DFSA does not accept any responsibility for the content of the information included in this Base Prospectus, including the accuracy or completeness of such information. The liability for the content of this Base Prospectus lies with the Issuer. The DFSA has also not assessed the suitability of the Notes to which this Base Prospectus relates to any particular investor or type of investor. If you do not understand the contents of this Base Prospectus or are unsure whether the Notes to which this Base Prospectus relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

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*" (the "**Conditions**")) of Notes (other than Non-PR Notes) will be set out in a final terms document (the "**Final Terms**") which, with respect to Notes to be listed on the Official List, will be delivered to the FCA and the London Stock Exchange and which, with respect to Notes to be listed on the DFSA Official List, will be delivered to the DFSA and Nasdaq Dubai.

The Programme also permits Notes to be issued on the basis that they will either: (a) not be admitted to listing, trading on a regulated market for the purposes of MiFID II in the European Economic Area ("**EEA**") and/or quotation by any competent authority, stock exchange and/or quotation system; or (b) be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer and the relevant Dealer ("**Non-PR Notes**") and, accordingly, no base prospectus will be required to be produced in accordance with the Prospectus Regulation. Any terms and conditions not contained herein which are applicable to each Tranche of Non-PR Notes will be set out in a pricing supplement (the "**Pricing Supplement**").

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Notes are being offered and sold: (1) within the United States to "qualified institutional buyers" (each a "**QIB**") as defined in Rule 144A under the Securities Act ("**Rule 144A**") in reliance on the exemption from registration provided by Rule 144A (the "**Restricted Notes**"); and (2) to non-U.S. persons in offshore transactions in reliance on Regulation S (the "**Unrestricted Notes**") and, in each case, in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. See "*Summary of Provisions Relating to the Notes while in Global Form*" for a description of the manner in which Notes will be issued. Prospective purchasers are hereby notified that the offer and sale of Restricted Notes to it may be made in reliance on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions, see "*Subscription and Sale and Transfer and Selling Restrictions*".

The Issuer has been assigned long-term credit ratings of Baa1 with a "stable outlook" by Moody's Investors Service Ltd. ("**Moody's**") and BBB+ with a "stable outlook" by Fitch Ratings Limited ("**Fitch**"). The United Arab Emirates (the "**UAE**") has been assigned a credit rating of Aa2 by Moody's Investors Service Singapore Pte. Ltd. The rating of certain Tranches of Notes to be issued under the Programme and the credit rating agency issuing such rating may be specified in the applicable Final Terms (or Pricing Supplement, as applicable).

Moody's Investors Service Singapore Pte. Ltd. is not established in the European Union ("**EU**") and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). The rating has been endorsed by Moody's in accordance with the CRA Regulation. Each of Fitch and Moody's is established in the EU and is registered under the CRA Regulation. As such, each of Fitch and Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation. Limited information with respect to ratings will be disclosed in the applicable Final Terms (or Pricing Supplement, as applicable). **A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, change or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating.**

**ARRANGERS**

| | |
|---|---|
| Citigroup | Deutsche Bank |
| Emirates NBD Capital | First Abu Dhabi Bank |
| HSBC | Société Générale Corporate & Investment Banking |

**DEALERS**

| | |
|---|---|
| Citigroup | Deutsche Bank |
| Emirates NBD Capital | First Abu Dhabi Bank PJSC |
| HSBC | Société Générale Corporate & Investment Banking |
| Standard Chartered Bank | |

## IMPORTANT NOTICE

This Base Prospectus complies with the requirements in Part 2 of the Markets Law and Chapter 2 of the Markets Rules and comprises a base prospectus for the purposes of the Prospectus Regulation and for the purpose of giving information with regard to the Issuer, the Group (as defined herein) and the Notes which, according to the particular nature of the Issuer, the Group and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Base Prospectus and declares that to the best of its knowledge, the information contained in this Base Prospectus is in accordance with the facts and the Base Prospectus makes no omission likely to affect the import of such information. The Issuer confirms that it has taken all reasonable care to ensure that such is the case.

Each Tranche of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" as supplemented by the applicable Final Terms (or Pricing Supplement, as applicable). 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 a Final Terms (or a Pricing Supplement, as applicable), must be read and construed together with the applicable Final Terms (or Pricing Supplement, as applicable).

The only persons authorised to use this Base Prospectus in connection with an offer of Notes are the relevant Dealers or the Managers (as identified in the applicable Final Terms (or Pricing Supplement, as applicable)), as the case may be.

Copies of the applicable Final Terms (or Pricing Supplement, as applicable) will be available from the registered office of the Issuer and the specified office of the Issuing and Paying Agent (as defined in "*Terms and Conditions of the Notes*"), save that a Pricing Supplement will only be available for inspection by a holder of a Non-PR Note and such holder must produce evidence satisfactory to the Issuer or the Issuing and Paying Agent (as applicable) as to its holding of such Notes and identity.

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

None of the Dealers, the Trustee or the Agents have independently verified the information contained herein and, accordingly, none of the Dealers, the Trustee, the Agents or any of their respective affiliates make any representation, warranty or undertaking, express or implied, in respect thereof, or accepts any responsibility or liability, as to (i) the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Issuer in connection with the Programme or any issuance of Notes thereunder; (ii) any other statement made, or purported to be made, by any other Dealer or on its behalf in connection with the Issuer, this Base Prospectus or the issue and offering of Notes under the Programme; or (iii) any acts or omissions of the Issuer or any other person in connection with this Base Prospectus or the issue and offering of Notes under the Programme. Nothing contained in this Base Prospectus, is or should be relied upon as, a promise or representation, whether as to the past or the future. Each of the Dealers, the Trustee and the Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Base Prospectus or any such statement. Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes: (a) is intended to provide the basis of any credit or other evaluation; or (b) should be considered as a recommendation by the Issuer, the Dealers, the Trustee or the Agents that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as at any time subsequent to the date indicated in the document containing the same 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 Group since the date of this Base Prospectus. The Dealers, the Trustee and the Agents expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. If a jurisdiction requires that an offering of securities described in this Base Prospectus be made by a licensed broker or dealer, such offering shall be deemed to be made by each Dealer (that is not a licensed broker or dealer in that jurisdiction) on behalf of the Issuer through its registered affiliate that is a licensed broker or dealer in that jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer or the Dealers represents 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 or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the DIFC, the EEA, Japan, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, Malaysia, the Republic of Italy, State of Qatar (including the Qatar Financial Centre), Singapore, the UAE (excluding the DIFC), the United Kingdom and the United States (see further "*Subscription and Sale and Transfer and Selling Restrictions*").

The requirement to publish a base prospectus under the Prospectus Regulation only applies to Notes which are to be admitted to trading on a regulated market for the purposes of MiFID II in the EEA and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 4 of the Prospectus Regulation. References in this Base Prospectus to "Non-PR Notes" are to Notes issued by the Issuer for which no base prospectus is required to be published under the Prospectus Regulation. The Non-PR Notes do not form part of this Base Prospectus for the purposes of the Prospectus Regulation and the FCA has neither approved nor reviewed information contained in this Base Prospectus in connection with Non-PR Notes.

Neither this Base Prospectus nor any Final Terms (or Pricing Supplement, as applicable) 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 Dealers, the Trustee or the Agents that any recipient of this Base Prospectus or any Final Terms (or Pricing Supplement, as applicable) should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms (or Pricing Supplement, as applicable) shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

Prospective purchasers must comply with all laws that apply to them in any place in which they buy, offer or sell any Notes or possess this Base Prospectus. Any consents or approvals that are needed in order to purchase any Notes must be obtained prior to the deadline specified for any such consent or approval. The Issuer, the Dealers, the Trustee, the Agents and their affiliates are not responsible for compliance with these legal requirements.

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:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

None of the Issuer or any Dealer has authorised, nor does it authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

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

None of the Issuer, any Dealer, the Trustee or the Agents makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

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 constitute legal investments for it; (2) Notes can be used as collateral for various types of borrowing; and (3) other restrictions apply to any purchase or pledge of any Notes by the investor. Financial institutions should consult their legal advisers or the appropriate regulations to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules and regulations.

## NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain, Notes issued in connection with this Base Prospectus and related offering documents may only be offered in registered form to existing accountholders and accredited investors as defined by the Central Bank of Bahrain (the "**CBB**") in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.$100,000 or any equivalent amount in 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 pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Base Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Notes may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors (as such term is defined by the CBB) 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 securities to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Base Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Base Prospectus. No offer of Notes will be made to the public in the Kingdom of Bahrain and this Base Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

## NOTICE TO 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 the Notes should conduct their own due diligence on the accuracy of the information relating to the Notes. If a prospective purchaser does not understand the contents of this Base Prospectus he or she should consult an authorised financial adviser.

## NOTICE TO RESIDENTS OF MALAYSIA

Any Notes to be issued under the Programme may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Notes in Malaysia may be made, directly or indirectly, and this Base Prospectus and any document or other materials in connection therewith may not be distributed in Malaysia other than to persons falling within the categories of persons set out in Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3) of the Capital Market and Services Act 2007 of Malaysia, as may be amended and/or varied from time to time and subject to any amendments to the applicable laws from time to time. The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Issuer and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Base Prospectus.

## NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SFA

The applicable Final Terms (or Pricing Supplement, as applicable) in respect of any Series of Notes may include a legend entitled "*Singapore Securities and Futures Act Product Classification*" which will state the product classification of the Notes pursuant to Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**"). The Issuer will make a determination in relation to each issue about the classification of the Notes being offered for the purposes of section 309B(1)(a). Any such legend included on the applicable Final Terms (or Pricing Supplement, as applicable) will constitute notice to "relevant persons" for the purposes of section 309B(1)(c) of the SFA.

## NOTICE TO RESIDENTS OF THE STATE OF QATAR

Any Notes to be issued under the Programme will not be offered, sold or delivered, at any time, directly or indirectly, in the State of Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Base Prospectus has not been and will not be reviewed or approved by, or registered with, the Qatar Central Bank, the Qatar Financial Centre Regulatory Authority, the Qatar Financial Markets Authority or the Qatar Stock Exchange in accordance with their regulations or any other regulations in the State of Qatar. The Notes are not and will not be traded on the Qatar Stock Exchange. The Notes and interests therein will not be offered to investors domiciled or resident in the State of Qatar and do not constitute debt financing in the State of Qatar under the Commercial Companies Law No. (11) of 2015 or otherwise under the laws of the State of Qatar.

## U.S. INFORMATION

This Base Prospectus is being submitted on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

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

Registered Notes may be offered or sold within the United States only to persons who are QIBs in transactions exempt from registration under the Securities Act in reliance on Rule 144A or any other applicable exemption. Prospective purchasers are hereby notified that the offer and sale of Registered Notes to it may be made in reliance on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

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

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Notes may not be offered or sold within the United States, except in transactions exempt from, or in transactions not subject to, the registration requirements of the Securities Act and any applicable securities law of any state or other jurisdiction of the United States. The Notes are being offered or sold to non-U.S. persons in offshore transactions in reliance on Regulation S and within the United States only to persons who are QIBs in reliance on Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of Certificates and distribution of this Base Prospectus, see "*Subscription and Sale and Transfer and Selling Restrictions*".

Each investor, by purchasing a Note, agrees that the Notes may be reoffered, resold, repledged or otherwise transferred only upon registration under the Securities Act or pursuant to the exemptions therefrom described under "*Subscription and Sale and Transfer and Selling Restrictions*". As a prospective investor, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

Each purchaser or holder of Notes represented by a Restricted Global Certificate or any Notes issued in registered form in exchange or substitution therefor (together, the "**Legended Notes**") will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "*Subscription and Sale and Transfer and Selling Restrictions*". Any transfer in breach of the transfer restrictions set forth in "*Subscription and Sale and Transfer and Selling Restrictions*" will be null and void *ab initio*, and will not operate to transfer any rights to any transferee. Unless otherwise stated, terms used in this paragraph have the meanings given to them in "*Summary of Provisions relating to the Notes while in Global Form*".

## AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any Notes are "**restricted securities**" as defined in Rule 144(a)(3) under the Securities Act, the Issuer will during any period that it is neither subject to Section 13 or 15(d) of the U.S. Securities and Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting requirements pursuant to and in compliance with Rule 12g3-2(b) thereunder, furnish, upon request, to any holder or beneficial owner of Notes in connection with any resale thereof or any prospective purchaser designated by any such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

## SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is incorporated in and under the laws issued by the DIFC, its headquarters are located in Dubai and a substantial portion of the assets of the Issuer is located in the UAE and a number of other jurisdictions outside the United Kingdom and the United States. As a result, prospective investors may have difficulty effecting service of process in the United Kingdom or the United States upon the Issuer in connection with any lawsuits related to the Notes, including actions arising under the laws of the United Kingdom or the federal securities laws of the United States.

The Notes are governed by English law and disputes in respect of them may be settled under the Arbitration Rules of the London Court of International Arbitration (the "**LCIA Rules**"), with a seat in London, England. In addition, actions in respect of the Notes may be brought in the English courts. Investors may have difficulty enforcing foreign judgments and arbitration awards against the Issuer in the courts of the DIFC (see further "*Risk Factors – Risks Related to Enforcement – Investors may experience some difficulty in enforcing arbitration awards and foreign judgments against the Issuer*").

## BENCHMARKS REGULATION

Amounts payable on Floating Rate Notes issued under the Programme may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011, as amended (the "**Benchmarks Regulation**"). If any such reference rate does constitute such a benchmark, the Final Terms (or Pricing Supplement, as applicable) will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation. Transitional provisions in the Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the Final Terms (or Pricing Supplement, as applicable). The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Final Terms (or Pricing Supplement, as applicable) to reflect any change in the registration status of the administrator.

## MIFID PRODUCT GOVERNANCE RULES

The applicable Final Terms (or Pricing Supplement, as applicable) in respect of any Series of 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 MiFID II is responsible for undertaking its own target market assessment in respect of any Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made at the time of 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 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 (or Pricing Supplement, as applicable) 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 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 (EU) 2016/97, 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 (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.

## STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilisation manager(s) in the applicable Final Terms (or Pricing Supplement, as applicable) (the "**Stabilisation Manager(s)**") (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes during the stabilisation period at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action or over-allotment may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may 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 relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

The risks and uncertainties referred to above include:

- changes in global trading volumes and regional import and export volumes;
- the Company's ability to achieve and manage growth, whether through organic growth or by winning new concessions or through bolt-on acquisitions;
- the Company's exposure to certain risks in respect of the expansion of terminals and port facilities and the development of new terminals and port facilities;
- the Company's indebtedness adversely affecting its ability to raise additional capital to fund its operations;
- changes in political, social and economic stability associated with countries and regions in which the Company operates;
- the political and economic conditions in the UAE and the Middle East;
- significant competition in the container terminal industry for concessions and throughput;
- the Company's ability to maintain and renew concession agreements at its existing facilities;
- failure to comply with a wide variety of regulations applicable to the Group's business;
- fluctuations in the currency exchange rates in the markets in which the Group operates;
- any future impairment of the Company's goodwill relating to subsidiaries, joint ventures and associates which may represent a reduction in future cashflows; and
- the ability of the Company's ultimate shareholder, Dubai World, and the Government, to exert significant influence over the Company and/or their interests conflicting with those of the Company and/or holders of the Company's debt, including Noteholders.

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

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

## PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

### Presentation of Historic Financial Information

The financial information relating to the Group as set out in this Base Prospectus has been derived from: (i) the unaudited condensed consolidated financial statements of the Group as at and for the six months ended 30 June 2019 (including the comparative information as at and for the six months ended 30 June 2018) (the "**DPW H1 2019 Unaudited Financial Statements**") which have been prepared in accordance with International Auditing Standard 34 (Interim Financial Reporting) ("**IAS 34**"); and (ii) the audited consolidated financial statements of the Group as at and for the year ended 31 December 2018 (including the comparative information as at and for the year ended 31 December 2017) (the "**DPW 2018 Financial Statements**") and the audited consolidated financial statements of the Group as at and for the year ended 31 December 2017 (including the comparative information as at and for the year ended 31 December 2016) (the "**DPW 2017 Financial Statements**" and, together with the DPW 2018 Financial Statements, the "**DPW Audited Financial Statements**") which have been prepared and presented in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board (the "**IASB**").

The DPW H1 2019 Unaudited Financial Statements and the DPW Audited Financial Statements are together referred to in this Base Prospectus as the "**DPW Financial Statements**".

As the DPW H1 2019 Unaudited Financial Statements were prepared in accordance with the new IFRS 16, they may not be fully comparable to the DPW Audited Financial Statements (see further "*Presentation of Certain Financial and Other Information – Change in Presentation of Leases*").

The DPW Financial Statements are presented in U.S. dollars.

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

### Change in Presentation of Leases

The IASB has introduced a new lease standard IFRS 16, which supersedes IAS 17 leases, which the Group is required to apply with effect from 1 January 2019. The Group has applied IFRS 16 with effect from 1 January 2019 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated.

On transition to IFRS 16, the Group recognised additional right-of-use assets, including investment property and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

| | **1 January 2019** |
|---|---|
| | *(U.S. dollars in thousands)* |
| Right-of-use asset | 1,527,761 |
| Deferred tax asset/current tax | 22,293 |
| Retained earnings | 396,652 |
| Non-controlling interests | 16,399 |
| Investment in equity-accounted investees | (47,574) |
| Lease liabilities | (1,915,531) |

For measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019 which were in the range of 4 per cent. per annum to 12 per cent. per annum

| | 1 January 2019 |
|---|---|
| | *(U.S. dollars in thousands)* |
| Operating lease commitments at 31 December 2018 | 7,816,542 |
| Discounted using the lessee's incremental borrowing rate at 1 January 2019 | 1,915,531 |
| *Add*: finance lease liabilities recognised as at 31 December 2018 | 23,207 |
| **Total lease liability recognised as at 1 January 2019** | **1,938,738** |

Due to the application of IFRS 16, the Group has recognised amortisation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognised U.S.$60,357 thousand of amortisation charge and U.S.$66,740 thousand of interest costs from these leases.

The Group leases out its investment property as a lessor. The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. The Group is not required to make any adjustments on transition to IFRS 16 for leases in which the Group is a lessor.

See Note 3 (*Changes in significant accounting policies*) to the DPW H1 2019 Unaudited Financial Statements for further information.

**Non-IFRS Measures, Separately Disclosed Items and Alternative Performance Measures**

The Group presents in the DPW Financial Statements, as separately disclosed items ("**SDIs**") on the face of the consolidated statement of profit or loss, those items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, the Group believes merit separate presentation to allow users to understand better the elements of financial performance in the period, so as to facilitate a comparison with prior periods and a better assessment of trends in financial performance. See Note 8 (*Separately disclosed items*) to the DPW H1 2019 Unaudited Financial Statements, Note 9 (*Separately disclosed items*) to the DPW 2018 Financial Statements and Note 9 (*Separately disclosed items*) to the DPW 2017 Financial Statements for further information regarding SDIs. This Base Prospectus also includes certain financial items that are calculated as "before separately disclosed items" or "before SDIs". These financial items, including revenue before separately disclosed items, cost of sales before separately disclosed items, finance income before separately disclosed items, finance cost before separately disclosed items, general and administrative expenses before separately disclosed items, share of profit from equity-accounted investees before separately disclosed items, income tax before separately disclosed items and profit after tax before separately disclosed items, do not purport to be alternatives to the financial statements captions (i.e. revenue, cost of sales etc.).

Earnings before interest, taxes, depreciation and amortisation ("**EBITDA**"), a measure used by management to measure operating performance, is defined as profit after tax from continuing operations plus finance costs (net of finance income), income tax expense, depreciation and amortisation. "**Adjusted EBITDA**" is defined as EBITDA further adjusted to remove the impact of SDIs.

SDIs, financial items calculated before separately disclosed items, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Net Debt (as defined in "*Selected Financial Information of the Group*"), Net Debt to Adjusted EBITDA, Interest Cover (as defined in "*Selected Financial Information of the Group*") and Like-for-Like (as defined below) metrics are not recognised terms under IFRS or U.S. generally accepted accounting principles. EBITDA and Adjusted EBITDA do not purport to be alternatives to profit after tax from continuing operations as measures of operating performance or to cash flows from operating activities as measures of liquidity. Additionally, EBITDA and Adjusted EBITDA are not intended to be measures of free cash flow available for management's discretionary use, as they do not consider certain cash requirements such as interest payments, tax payments and debt service requirements. The Company's management believes that EBITDA and Adjusted EBITDA are helpful in highlighting trends because they exclude certain items that are outside the normal course of business and can differ significantly from company to company depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate and capital investments. The Company's management uses EBITDA and Adjusted EBITDA to supplement IFRS results to provide a more complete understanding of the factors and trends affecting the business than IFRS results alone. Since not all companies use identical calculations, these presentations of EBITDA and Adjusted EBITDA may not be comparable to other similarly titled measures used by other companies. See "*Selected Financial Information of the Group*" for a description of EBITDA and Adjusted EBITDA as well as certain other non-IFRS measures.

As used herein, "**Net Operating Assets**" is calculated by subtracting all non-interest bearing liabilities of the Group from the Group's total assets.

Management also refers to "**Like-for-Like**" in order to normalise for divestments, addition of new capacity and exchange rates. Some of the financial and operation measures presented herein on a Like-for-Like basis include: gross throughput, consolidated throughput, revenue, share of profit from equity-accounted investees, Adjusted EBITDA, Adjusted EBITDA margin, profit for the period and profit for the period attributable to owners of the company.

When comparing the six months ended 30 June 2019 to the six months ended 30 June 2018, Like-for-Like figures exclude for both periods: (i) the new additions at Yiwu (China), Continental Warehousing Corporation (India), Winter Logistics (India), Cosmos Agencia Marítima (Peru), Aydi Manpower Company (UAE), Unifeeder (Denmark) and Puertos y Logistica (Chile); (ii) the discontinuation in 2019 of Surabaya (Indonesia), Antwerp East (Belgium) and DP World Liege Antwerp (Belgium); (iii) the discontinuation in 2018 of Doraleh (Djibouti); (iv) on 28 February 2019, the Group acquired additional 35.25 per cent. ownership in DP World Australia (Holding) Pty Ltd. and, as a result of this transaction, the Group's equity interest increased from 25 per cent. to 60.25 per cent., obtaining control of this entity (the "**Australia Consolidation**"); (v) the impact of implementing IRFS 16; and (vi) the impact of exchange rate movements (because the Group's financial results are translated into U.S. dollars for reporting purposes).

When comparing the year ended 31 December 2018 to the year ended 31 December 2017, Like-for-Like figures exclude for both periods: (a) the new additions at Berbera (Somaliland), Kigali (Rwanda), Limassol (Cyprus), Reyser (Spain) and Mina Rashid Marina (UAE); (b) the acquisition of Continental Warehousing Corporation (India), Cosmos Agencia Marítima (Peru), Drydocks World LLC (UAE), Dubai Maritime City (UAE) and Unifeeder Group (Denmark); (c) the discontinuation of Doraleh (Djibouti) and Saigon (Vietnam); (d) the consolidation of DP World Santos (Brazil); and (e) the impact of exchange rate movements. When comparing the year ended 31 December 2017 to the year ended 31 December 2016, Like-for-Like figures exclude for both periods: (1) the new additions at Berbera (Somaliland), DP World Lurin (Peru), Limassol (Cyprus), Kigali (Rwanda), Posorja (Ecuador), Saint John (Canada) and Yarimca (Turkey); (2) the consolidation of Pusan Newport Company Limited (South Korea) and DP World Santos (Brazil); and (3) the impact of exchange rate movements.

Certain financial measures presented by the Company in this Base Prospectus are not defined in accordance with IFRS accounting standards. The Company believes that these alternative performance measures (as defined in the ESMA guidelines (the "**ESMA Guidelines**") on Alternative Performance Measures ("**APMs**")) provide useful supplementary information to both investors and to the Company's management, as they facilitate the evaluation of underlying business performance across financial reporting periods. However, investors should note that, since not all companies calculate financial measurements, such as the APMs presented by the Company 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 by the Company in this Base Prospectus are unaudited and have not been prepared in accordance with IFRS, U.S. GAAP or any other accounting standards. Accordingly, these financial measures should not be seen as a substitute for measures defined according to IFRS.

For the purposes of the ESMA Guidelines, the Company considers that the EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Net Debt, Net Debt to Adjusted EBITDA, Interest Cover and Like-for-Like metrics constitute APMs. For a description and reconciliation to the DPW Financial Statements of EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Net Debt and Net Debt to Adjusted EBITDA, see "*Selected Financial Information of the Group*".

**Certain Operational Terminology**

"**Bulk cargo**" and "**Break bulk cargo**" are part of the Group's non-containerised revenue and mainly include bulk cement, steel and roll-on/roll-off ("**Ro-Ro**") volumes in the UAE.

"**Capacity**" refers to the theoretical amount of throughput that a container terminal could handle in a year and is generally based on the size of the terminal's container stacking area and the capacity of its quay, which in turn is based on the length of the quay and the capacity of the ship-to-shore cranes that are available.

"**Consolidated throughput**" refers to throughput from all terminals where the Group has control as per IFRS.

"**Gross capacity**" refers to the capacity of a container terminal in the Company's portfolio, regardless of the Company's economic interest in such terminal.

"**Gross throughput**" refers to the total amount of throughput that a container terminal in the Company's portfolio handled over a period of time, regardless of the Company's economic interest in such terminal or whether the Company held such terminal for the entirety of such period.

"**TEU**" is a volume figure in this Base Prospectus and is a twenty-foot equivalent unit that is based on the dimensions of a cargo container 20 feet long by 8 feet wide by 8 feet 6 inches high, with a maximum load of 24 metric tons (including the mass of the container itself, or the "tare" weight).

"**Throughput**" is a measure of container handling activity. The two main categories of container throughput are origin and destination ("**O&D**"), which is also often referred to as import and export, and transhipment. Every container shipped by sea is by definition an export container at the origination terminal and an import container at the destination terminal. A container that is transferred from one ship to another at some point during the journey is said to be transhipped, which gives rise to transhipment throughput at an intermediate terminal somewhere between the load terminal and the discharge terminal. Throughput includes the handling of imports, exports, empty containers and transhipments.

**Presentation of Market, Market Share and Industry Data**

The market, market share and industry data contained in this Base Prospectus has been derived from a number of publicly available sources and industry reports. In particular, information and data relating to the international container shipping industry has been derived from reports, databases (including the IMF World Economic Outlook, April 2019 and Drewry Shipping Consultants Ltd. ("**Drewry**") Annual Review and Forecast of Global Container Terminal Operators 2019 and the Drewry Container Forecaster Q2 2019 as well as other sources made available in the public domain).

The Company confirms that all third party information contained in this Base Prospectus has been accurately reproduced and, so far as the Company is aware and has been able to ascertain from information published by the relevant sources referred to, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of any third party information contained in this Base Prospectus is stated where such information appears in this Base Prospectus.

However, the accuracy of such information is subject to the availability and reliability of the data supporting such information and neither the published information nor the underlying data has been independently verified. In addition, the methodology of Drewry and of other industry sources for collecting information and data, and therefore the reported information, may differ from that used by the Company to compile its own operational data and from the methodologies employed by other sources, and does not reflect all or even necessarily a comprehensive set of the actual transactions occurring in the container shipping industry. Drewry has made no representation, express or implied, and has not accepted any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus.

**Certain Defined Terms**

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

- references to the "**Company**", the "**Issuer**" or the "**DP World**" herein are to DP World PLC, a public company incorporated in the DIFC with Registration Number 0226 issued on 9 August 2006;

- references to the "**JAFZ Concession Agreement**" herein are to the concession agreement between JAFZA and JAFZ dated 13 November 2007 and amended and restated on 29 April 2012, pursuant to which JAFZA granted JAFZ a concession with exclusive rights and privileges to provide certain licensing and administration services (the "**Services**") within the specified area that comprises substantially all of the Free Zone (the "**JAFZ Concession Area**");

- references to the "**JAFZ Concession Documents**" herein are to the JAFZ Concession Agreement and the JAFZ Usufruct Agreement;
- references to "**Dubai**" herein are to the Emirate of Dubai;
- references to "**EZW**" herein are to Economic Zones World FZE;
- references to the "**EZW Acquisition**" herein are to the acquisition by the Company of the EZW Group from PFZW on 16 March 2015 (see further "*Description of DP World – History – Regional and international expansion through acquisitions – EZW Group*");
- references to the "**EZW Group**" herein are to EZW, together with its subsidiaries and subsidiary undertakings;
- references to the "**Free Zone**" herein are to the Jebel Ali Free Zone;
- references to the "**GCC**" herein are to the Gulf Cooperation Council;
- references to the "**Government**" herein are to the Government of Dubai;
- unless otherwise specified or the context otherwise requires, references to the "**Group**" herein are to the Company, together with its consolidated subsidiaries, joint ventures and associates;
- references to "**JAFZ**" herein are to Jebel Ali Free Zone FZE;
- references to "**JAFZA**" herein are to the Jebel Ali Free Zone Authority;
- references to "**PFZW**" herein are to the Port and Free Zone World FZE;
- references to "**P&O**" herein are to The Peninsular and Oriental Steam Navigation Company, a company incorporated in the United Kingdom by Royal Charter with limited liability with company number Z73;
- references to the "**UAE**" herein are to the United Arab Emirates; and
- references to the "**JAFZ Usufruct Agreement**" are to the usufruct agreement dated 13 November 2007 and amended and restated on 29 April 2012 pursuant to which JAFZA granted JAFZ exclusive rights (the "**JAFZ Usufruct Rights**") to use and benefit from the JAFZ Concession Area and the fixed assets contained therein.

**Certain Conventions**

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

All references in this Base Prospectus to: (i) "**AED**" and "**UAE dirham**" are to the UAE dirham, being the legal currency of the UAE (the dirham has been pegged to the U.S. dollar since 22 November 1980. The mid-point between the official buying and selling rates for the dirham is at a fixed rate of AED 3.6725 = U.S.$1.00); (ii) "**EUR**", "**Euro**", "**euro**" and "**€**" are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended; (iii) "**Sterling**" and "**£**" are to pounds sterling, being the legal currency of the United Kingdom ("**U.K.**"); and (iv) "**U.S.$**" and "**U.S. dollars**" are to United States dollars, being the lawful currency of the United States of America (the "**United States**" or the "**U.S.**").

References to a "**billion**" are to a thousand million.

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

## SUPPLEMENTARY PROSPECTUS

If at any time the Issuer is required to prepare a supplementary prospectus pursuant to section 87G of the Financial Services and Markets Act 2000, as amended ("**FSMA**"), the Issuer will prepare and make available an appropriate amendment or supplement to this Base Prospectus or a further base prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Regulated Market, shall constitute a supplementary prospectus as required by the FCA and section 87G of the FSMA.

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

**CONTENTS**

**Page**

## RISK FACTORS

*The Company believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Programme are also described below.*

*If any of the risks described below actually materialise, the Company's and the Group's business, results of operations, financial condition or prospects could be materially and adversely affected. If that were to happen, the trading price of the Notes could decline, and investors could lose all or part of their investment.*

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

*Unless otherwise specified or the context otherwise requires, capitalised terms defined in the Conditions shall have the same meanings when used herein.*

### Risks Related to the Group

***The Group's results of operations can be adversely impacted by declines in global trading volumes***

The Group's results of operations can be affected by the volume of its business, which in turn depends on worldwide trade volumes as well as the import and export volumes of the regions in which the Group operates. The Group derives and will continue to derive a significant part of its revenue from customers in the UAE and worldwide and as a result, in common with other multi-national organisations, the occurrence of any negative economic, political or geographical events in these locations could have an adverse impact on revenues. This in turn could cause the Group's business to be harmed.

Global trading volumes can be affected by, amongst other factors:

- changing economic cycles and other macro-economic developments;
- the imposition of tariffs, trade barriers, sanctions, boycotts and other restrictions;
- the levels of inflation and interest rates in the regions in which the Group operates;
- significant variations in the exchange rates applicable to currencies in the regions in which the Group operates;
- government reactions to economic conditions and developments;
- the development of emerging market economies and government policies;
- fluctuations in the price of oil to the extent that they impact global trade and macro-economic growth in the regions the Group operates;
- trade disputes and work stoppages, particularly in the transportation services industry; and
- acts of war, hostilities, natural disasters, epidemics or terrorism.

For instance, according to a press release by the World Trade Organisation ("**WTO**") in April 2019, world trade grew more slowly than expected in 2018 due to (among other factors) new tariffs and retaliatory measures affecting widely-traded goods, weaker global economic growth, volatility in financial markets and tighter monetary conditions in developed countries. According to preliminary WTO estimates, world trade growth in 2018 was approximately 3 per cent.

Region-specific factors affecting trading volumes may also result in the shifting of trade routes. For instance, the trade war between the U.S. and the People's Republic of China ("**China**") has resulted in, amongst other measures, Chinese tariffs being imposed on U.S. grain cargoes. Instead of resulting in a trade halt, this has caused an increase in the South America grain export to China. Similarly, Chinese import taxation on U.S. soybeans has resulted in the same being exported to Europe and the Middle East instead.

Regulatory changes may also impact the supply or demand side and/or the costs of global trade and thereby impact trade volumes. For instance, according to the Drewry Container Forecaster Q2 2019, the International Maritime Organisation's implementation of its "IMO 2020" regulations (reducing the current 3.5 per cent. global sulphur cap on fuel content to 0.5 per cent. from 1 January 2020) is expected to increase the container industry's fuel costs by approximately U.S.$15 billion. Carriers will need to pass on some of this cost hike to customers causing an increase in the global freight rates. This, in turn, may result in lower trade volumes.

If global trading volumes decline significantly in future periods as a consequence of global economic or political events, or if trade routes shift away from ports operated by the Group for similar reasons, the Group's business, prospects, results of operation and financial condition, as well as its future growth, could be materially and adversely affected (see further "*Risks Related to the Regions in which the Group Operates – The Group is subject to the risks of political, social and economic instability associated with countries and regions in which the Group operates or may seek to operate*").

***The Company's ultimate majority shareholder, Dubai World, and the Government have the ability to exert significant influence over the Group and their interests may conflict with the interests of the Group or the Noteholders***

PFZW owns 80.45 per cent. of the Company's issued and outstanding share capital and, therefore, has the ability to exert significant influence over the Group. PFZW is wholly-owned by Dubai World Corporation ("**Dubai World**"), a holding company owned by the Government.

Dubai World implemented a restructuring on 29 June 2011 and its terms require the compliance with certain restrictive covenants by the Group set out in a facilities agreement for Dubai World negotiated by Dubai World with a co-ordinating committee of certain banks, a facility agent and a security agent, originally dated 23 March 2011. Dubai World executed an amendment to this facilities agreement on 18 March 2015, which became effective on 2 April 2015 (together with the original facilities agreement, the "**Facilities Agreement**").

Certain provisions of the Facilities Agreement may restrict Dubai World and its direct and indirect subsidiaries from providing support to the Group should it encounter financial or other difficulties in the future. However, these restrictive covenants do not restrict the Group from conducting its business in the ordinary course as described in this Base Prospectus or from repaying its indebtedness or from discharging its obligations in respect of the Transaction Documents (as further described under "*Terms and Conditions of the Notes*"). In general, a waiver of the requirement for the Supreme Fiscal Committee approval to incur indebtedness exists for Dubai World subsidiaries, including the Company, and there are no constraints imposed indirectly on the Company as a result of obligations binding on any of its direct or indirect holding companies which are likely to have a material adverse effect on the ability of the Company to perform and comply with its payment and other material obligations in relation to the Transaction Documents.

In addition, Dubai World and the Government may exert control over, among other things:

- election of the Company's directors and, in turn, selection of its management;
- the Group's business policies and strategies, including dividend policy;
- budget approval;
- the issuance of new debt or equity securities and the arrangement of other sources of financing;
- mergers, acquisitions and disposals of the Group's assets or businesses;
- increases or decreases in share capital; and
- amendments to the Company's constitutional documents.

Consequently, there can be no assurance that the resolution of any matter at a general meeting of the shareholders that may involve the interests of Dubai World or the Government, as represented by PFZW, will be resolved in what the Noteholders would consider to be in their or the Group's best interests. Any such resolution may have a material adverse effect on the business, prospects, results of operation and financial condition of the Group.

***The Group's inability to achieve and manage the growth of its container terminal business, whether through organic growth or by winning new concessions or through bolt-on acquisitions, could adversely impact the Group's business***

The Group's ability to achieve and manage the future growth of its container terminal business will depend upon a number of factors, including the Group's ability to maintain, expand or develop relationships with its customers, suppliers, contractors, lenders, government entities and authorities and other third parties, reach agreements with potential joint venture partners on commercial and technical terms satisfactory to the Group, find and exploit suitable development, expansion or acquisition opportunities and expand the Group's operating capacity in line with market demand on a timely and reasonable basis. It will also depend on the Group's ability to adjust and optimise its management and operating structure.

Growth through the winning of new concessions or bolt-on acquisitions also entails risks inherent in identifying suitable opportunities and assessing the value, strengths and weaknesses of the acquisition candidates, as well as integrating the acquired businesses into the Group's operations. In addition, prior to acquisition by the Group, target companies may have incurred contractual, financial, regulatory, environmental or other obligations and liabilities that may impact the Group in the future and that are not adequately reflected in the historical financial statements of such companies or otherwise known to the Group or discovered by it during the due diligence process or with respect to which the Group does not have adequate indemnities from the seller. Furthermore, the Group's ability to complete acquisitions will depend on, and may be limited by, the availability of suitable acquisition targets and restrictions contained in the Group's debt instruments and other existing and future financing arrangements. The Group's ability to complete acquisitions may also be limited by its ability to secure financing for such acquisitions as well as by regulatory constraints within the countries in which the Group operates due to anti-trust laws or political conflicts (see further "*Risks Related to the Regions in which the Group Operates – Anti-trust and competition laws in the countries in which the Group operates may limit its growth and subject it to anti-trust and other investigations*").

The Group's investment in development and expansion projects has increased over the last few years. In 2018, the Group invested U.S.$908.2 million of capital expenditure. These and other future investments in capacity will be based on the Group's expectations of market demand. However, there can be no assurance that market demand or the Group's business will increase in the near future or that demand for its services will grow at rates sufficient to achieve a satisfactory return on any expenditure that it makes. The Group also cannot provide assurance that any future acquisitions will be successfully identified and completed or that, if acquisitions are completed, the acquired companies will generate sufficient revenue to offset the associated costs or other harmful effects on the Group's business. A failure on the Group's part to manage its growth efficiently and effectively could have a material adverse effect on the Group's business, prospects, results of operation and financial condition.

***The Group faces significant competition in the container terminal industry for concessions and throughput and in Free Zone activity, which could adversely affect its ability to maintain or increase its profitability***

The global container terminal industry is highly competitive. The Group faces significant competition from other global container terminal operators, as well as smaller regional operators situated in the same locations as the Group, for both the concessions, which allow the Group to operate in a particular port, and, once the Group has established operations in a specific location, for the throughput. While the Group competes with other terminal operators for both transhipment and O&D throughput on the basis of location, productivity, accessibility, connectivity, price and value-added services, competition for transhipment throughput tends to be more price-sensitive and less captive than O&D throughput as transhipment cargoes can be more easily routed through alternative ports and terminals. For the year ended 31 December 2018, approximately 30 per cent. of the Group's gross throughput was transhipment (which was in line with the year ended 31 December 2017 and the year ended 31 December 2016).

The Group competes with other terminal operators for concessions primarily on the basis of the concession rates that will be paid to the owner of the relevant port. When choosing a concessionaire, however, governments or other port owners may also consider other factors, including, among other things, the extent of the regional dominance exhibited by a proposed concessionaire. Consequently, the Group may face a competitive disadvantage when competing for new concessions in regions or countries in which the Group is the market leading terminal operator.

Following significant consolidation in the decade up until 2007, both internally and within the container shipping industry, consolidation within the container terminal industry has stabilised in recent years. According to Drewry, the five largest terminal operators by throughput and capacity, China Cosco Group, Hutchison Port Holdings, PSA International, APM Terminals and DP World, collectively accounted for 417.1 million TEU, or 53.1 per cent., of global gross throughput for the year ended 31 December 2018 (*source*: Drewry's Global Container Terminal Operators Annual Review and Forecast 2019). Consolidation within the container terminal industry has resulted in the Group's having to compete with other terminal operators, some of which are larger than the Group and have greater financial resources than the Group and, therefore, may be able to bid at higher concession rates, invest more heavily or effectively in their facilities or withstand price competition and price volatility more successfully than the Group. In addition, some of the Group's competitors may have broader operational experience and longer standing relationships with international shipping companies.

There can be no assurance that consolidation within the container terminal industry will not become more prevalent (see further "*Ports Operation Industry Overview – Industry Trends*") or that the Group's competitors will not undertake additional mergers and acquisitions to increase their capacity, economies of scale and financial and market strength.

If the Group is unable to compete effectively against its container terminal competitors, the Group may be forced to increase its concession rate bids or lower its fees, which could have a material adverse effect on the Group's business, prospects, results of operation and financial condition.

***Competition with other free zone operators and within the MENA region***

The Group's parks, logistics and economic zones ("**PLEZ**") business competes with other free zone operators and other economic areas which may offer different benefits to the economic zones the Group is in. JAFZ, which generated most of the Group's revenue in its PLEZ division, competes with several other free zones in Dubai and the other Emirates. These include the industrial free zone at Taweelah in Abu Dhabi, known as Khalifa Industrial Zone Abu Dhabi ("**KIZAD**"), which is being financially supported by the Abu Dhabi government and is actively bringing in major industrial companies as tenants. According to the KIZAD website, KIZAD's master plan provides for a total capacity of 410 square kilometres. JAFZ, on the other hand, has a total capacity of 57 square kilometres. KIZAD is situated adjacent to, and integrated with, the Khalifa Port, which currently has a capacity of 2.5 million TEU and is expected to increase its capacity for container volume to 15 million TEU when all development phases are completed (*source*: AD Ports website), compared to the Jebel Ali port which currently has a capacity of 19.3 million TEU. In addition, there are currently certain other GCC nations which are developing or expanding integrated port and free zone projects. The Company estimates that ongoing developments in the State of Qatar and the Sultanate of Oman will collectively add within the region approximately 15 million TEU of port capacity supported by approximately 50 square kilometres of adjacent free zone capacity by 2030. In addition, within Dubai, areas such as the Dubai Investment Park, Jumeirah Lake Towers and Dubai World Central offer alternative office and warehouse space.

In addition, while the Group has significant experience in operating a free zone through JAFZ, the roll out of the Group's other projects in its PLEZ division may face other forms or competition which may be new or unique to the economic region. Currently, the Group achieves premium lease rates in JAFZ. However, its ability to continue to do so is contingent on JAFZ retaining its leading position in the market by virtue of being a more attractive location and its ability to attract and retain new and existing customers. *For the avoidance of doubt, the information contained on the websites referred to in this paragraph is not incorporated by reference into, or otherwise included in, this Base Prospectus.*

Competition with other free zones and integrated port projects could result in JAFZ, or the Group's other PLEZ business, having to reduce its lease rates or service prices, which could materially and adversely affect the cash flows generated and if coupled with the possible decline in occupancy levels, could if sustained, materially and adversely affect the business, prospects, results of operation and financial condition of the Group.

***The Group is exposed to certain risks in respect of the expansion of terminals and port facilities and the development and construction of new terminals and port facilities***

As at the date of this Base Prospectus, the Group has nine new developments and major expansion projects underway. The Group's development and expansion projects are subject to receipt of various final regulatory approvals in certain jurisdictions. These projects typically require substantial capital expenditures throughout the development, construction and upgrading phases and may take months or years before they become operational and start generating revenue and cash flow for the Group, during which time the Group is subject to a number of construction, financing, operating and other risks beyond its control, including, but not limited to:

- shortages and increases in the cost of materials, equipment, labour or other necessary supplies;
- adverse weather conditions and natural disasters;
- an inability on the Group's part to make any necessary financing arrangements on terms favourable to it, if at all;
- risk of counterparty defaults which tend to increase during periods of recession;
- changes in demand for the Group's services;
- complexity introduced into the operations when launching new technologies or machinery becoming outdated;
- labour disputes and disputes with sub-contractors;
- inadequate infrastructure, including as a result of failure by third parties to fulfil their obligations relating to the provision of utilities and transportation and other links that are necessary or desirable for the successful operation of a project;
- failure to complete projects according to specification;
- accidents, civil unrest, wars and other unforeseen events;
- changes in governmental priorities or the level of governmental support that the Group receives; and
- an inability to obtain on a timely basis, if at all, and maintain project development permission or requisite governmental licenses, permits or approvals.

The occurrence of one or more of these events may negatively affect the Group's ability to complete its current or future projects on schedule, if at all, or within the estimated budget and may prevent it from achieving the projected revenues, internal rates of return or capacity associated with such projects. There can be no assurance that the revenues that the Group is able to generate from its projects will be sufficient to cover the associated construction and development costs.

Furthermore, because most of the Group's development and expansion projects are governed by contracts that it enters into with the owner of a particular port, failure on the Group's part to fulfil its obligations relating to such projects, including meeting its deadlines in a timely manner, may constitute a breach under the relevant contract and subject the Group to penalties, including payment of liquidated damages, or, in the case of a serious breach, termination of a project and/or civil liabilities. Although the Group attempts to allocate risk of failure to sub-contractors and suppliers to the fullest extent possible, if the Group is unable to seek full indemnification from third parties with respect to any such breach, the Group's business, prospects, results of operation and financial condition may be materially and adversely affected.

***The Group's inability to maintain and renew concession agreements at its existing facilities and the Free Zone may adversely affect its financial condition and results of operations***

Substantially all terminal operations in the container terminal industry are conducted pursuant to long-term operating concessions or leases entered into by a terminal operator and the owner of a relevant port, typically a governmental entity. Concession agreements often contain clauses that allow the owner of a port to cancel the agreement, impose penalties on the Group if it does not meet specified investment obligations, which, especially in the case of investments designed to reduce the environmental impact of a particular operation, can be substantial, or require minimum payments based on previously estimated throughput, regardless of actual throughput handled. Concession agreements may also allow the owner of a port to reassess and increase the rent periodically.

Similarly, because many of the counterparties to concession agreements are governmental entities, terminal operators, including the Group, are subject to the risk that concession agreements may be cancelled because of political, social or economic instability (see further "*Risks Related to the Regions in which the Group Operates – The Group is subject to the risks of political, social and economic instability associated with countries and regions in which the Group operates or may seek to operate*"). The Group cannot provide any assurance that one or more of its existing concession agreements will not be prematurely cancelled or the rent payable by the Group will not be increased during the life of a concession or the Group will not be penalised, with or without cause, by the relevant counterparty or that the Group will be able to successfully challenge such cancellations, increases and/or penalties.

In advance of the expiration of a concession agreement, the owner of a port will typically agree to renew the concession with the existing concessionaire, but often only after significant renegotiation that usually involves, among other things, a commitment on the part of the concessionaire to make capital expenditures or an increase in fees with respect to the relevant operation.

There can be no assurance that the Group will be able to renew its concession agreements upon their expiration on commercially reasonable terms, if at all, that historical trends will be accurate in the future, or that the Group would be the winning bidder in any re-tender of one or more of its existing concessions should the relevant port owner elect not to renew the relevant concession agreement with the Group. If the Group is unable to renew one or more of its concession agreements on commercially reasonable terms on or before their expiration dates or if the concession agreement is cancelled, the capacity of the Group's terminal portfolio will be reduced by the amount of capacity provided by the terminals associated with such concession agreements and the Group's business, prospects, results of operation and financial condition as well as geographic reach may be materially and adversely affected.

In relation to the Group's free zone business, the concession granted by JAFZA to JAFZ pursuant to the JAFZ Concession Documents constitutes the primary source of revenues from the Free Zone. The JAFZ Concession Documents impose the following contractual restrictions on the termination rights of JAFZA:

- *JAFZ Concession Agreement*: JAFZA has the right to terminate the JAFZ Concession Agreement upon an event of default of JAFZ, being: (i) a breach by JAFZ of its obligations under the JAFZ Concession Agreement which has a material adverse effect; (ii) non-payment of the concession fee or part thereof when due; and (iii) JAFZ ceasing to carry on the Services or abandoning or substantially abandoning the operation of any part of the JAFZ Concession Area; and

- *JAFZ Usufruct Agreement*: JAFZA has the right to terminate the JAFZ Usufruct Agreement upon an event of default of JAFZ under the JAFZ Usufruct Agreement (which events are substantially similar to those in the JAFZ Concession Agreement). As a matter of law, the JAFZ Usufruct Rights are registered with the Dubai Land Department and, therefore, are similar in nature to registration of title.

Certain provisions in the JAFZ Concession Agreement and the JAFZ Usufruct Agreement were included to protect the rights of any potential providers of finance to JAFZ. In particular, the agreements state that no variation, amendment or waiver of any of their provisions may be agreed or declared if such variation, amendment or waiver would, in the view of JAFZ, materially adversely affect the rights of any provider of finance to JAFZ. Therefore, JAFZ is not entitled to terminate the JAFZ Concession Agreement and the JAFZ Usufruct Agreement as long as any amounts are outstanding under any finance arrangements.

If the JAFZ Concession Documents were to be terminated or cancelled for any reason, the Group would lose its main source of revenue in the Free Zone and the Group's business, prospects, results of operation and financial condition may be materially and adversely affected.

***A significant number of the Group's operations are run through joint ventures and other entities in which it holds a minority interest, and, in some cases, the Group does not have the right or power to direct the management and policies of such companies***

As a significant number of the Group's container terminal and other ports-related operations are conducted through jointly controlled entities, associated companies and partnerships, the Group is exposed to risks related to actions taken by its joint venture partners and controlling shareholders of entities in which the Group holds a minority interest. For the year ended 31 December 2018, the Group's share of profits from equity-accounted investees (net of tax) was U.S.$155.5 million, which constituted 11.5 per cent. of the Group's profit for the year which was U.S.$1,357.6 million. Similarly, the Group's investment in equity-accounted investees was U.S.$2,101.4 million as at 31 December 2018, which constituted 7.9 per cent. of the Group's total assets as at that date which were U.S.$26,513.3 million. To the extent that the Group does not have a controlling equity stake in, or the right or power to direct the management and policies of, a joint venture or other company through which the Group conducts its operations, joint venture partners or controlling shareholders may take action that is not in accordance with the Group's policies and objectives. Should a joint venture partner or controlling shareholder act contrary to the Group's interest, it could have a material adverse effect upon the Group's business, business, prospects, results of operation and financial condition.

Joint venture transactions present many of the same risks involved in acquisitions, but also involve additional risks, including the possibility that the Group's joint venture partners may have economic, business or legal interests or goals that are inconsistent with the Group's own, may become bankrupt, may refuse to make additional investments that the Group deems necessary or desirable or may prove otherwise unwilling or unable to fulfil their obligations under the relevant joint venture or associated agreements. There is also a risk that the Group's joint venture partners may ultimately become its competitors. In addition, joint ventures with government entities also expose the Group to risks relating to differences in focus or priorities between successive regimes.

The Group's ability to expand successfully through joint ventures will depend upon the availability of suitable and willing joint venture partners, the Group's ability to consummate such transactions and the availability of financing on commercially acceptable terms. The Group cannot give any assurance that it will be successful in completing joint ventures or that, once completed, a joint venture will be profitable for the Group. If a joint venture is unsuccessful, the Group may be unable to recoup its initial investment and the Group's business, prospects, results of operation and financial condition may be materially and adversely affected.

In addition, the Group's ability to dispose of inadequate or poorly performing businesses is sometimes subject to governmental approval, which may force the Group to bear the costs of any such business for a longer period of time, with an increasingly negative and prolonged impact on its business, prospects, results of operation and financial condition, than would otherwise be the case.

***The Group's businesses require substantial capital investment and the Group may not have sufficient capital to make, or may be restricted by covenants in its financing agreements from making, future capital expenditures and other investments as it deems necessary or desirable***

The Group operates in capital intensive industries that require a substantial amount of capital and other long-term expenditures, including those relating to the development and acquisition of new container terminal facilities and the expansion of existing container terminal facilities. The Group expects to utilise a combination of internally generated cash and external borrowings, including banking and capital markets transactions, to meet its financing requirements. If necessary, the Group may also seek to obtain additional funding from the equity markets. However, there can be no assurance that the Group's ultimate controlling shareholder, Dubai World, would approve, or be willing or able to participate, in any such financing.

The Group's ability to arrange external financing and the cost of such financing are dependent on numerous factors, including its future financial condition, general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Group, applicable provisions of tax and securities laws and political and economic conditions in any relevant jurisdiction.

Historically, volatile market conditions have resulted in reduced liquidity, widening of credit spreads, lack of price transparency in credit and capital markets and increased volatility in interest rates and exchange rates. Any such decline in global credit markets and/or reduced liquidity may affect the Group's ability to secure financing on commercially reasonable terms, if at all. The Group cannot provide any assurance that it will be able to arrange any such external financing on commercially reasonable terms, if at all, and the Group may be required to secure any such financing with a lien over its assets or agree to contractual limitations on its business.

In addition, covenants contained in the Group's current or future financing agreements may restrict it from undertaking capital expenditure in amounts and at times that the Group deems necessary or desirable or when specified by construction timelines contained in concessions for new container terminal facilities (see further "*Risks Related to the Group – The Group's indebtedness could adversely affect its ability to raise additional capital to fund its operations and limit its ability to react to changes in the economy or the industries in which the Group operates*"). If the Group is unable to generate or obtain funds sufficient to make, or is otherwise restricted from making, necessary or desirable capital expenditure and other investments, it may be unable to grow its business, which may have a material adverse effect on the Group's business, prospects, results of operation and financial condition.

***The Group may be subject to risks arising from international trade controls or disputes***

The Group operates ports and terminals which have throughput originating from or arriving at a destination in countries which have adopted trade defence instruments such as anti-dumping and anti-subsidies laws and regulations. Moreover, import and exports are affected by discretionary import duties that may be imposed by some governments. The Group considers that the use of trade defence measures and other forms of trade controls by some countries is likely to increase in the future. For example, the "trade war" between the U.S. and China through the course of 2018 and 2019 resulted in the imposition of tariffs by the U.S. on certain goods imported into the U.S. from China, and *vice versa*. Similarly, in June 2019, India imposed retaliatory trade tariffs on certain U.S. products after India lost its preferential treatment under the U.S. generalised system of preferences. The Group has limited operations in the U.S.; however counter-measures have been and could be adopted by other countries which are markets for the Group's throughput. Other countries could enact more barriers to trade. The worsening of trade relations around the world could result in negative repercussions in the relevant countries and have a knock-on effect on global trade and the economic environment. Additionally, in 2017, Saudi Arabia, the UAE, Bahrain and Egypt cut diplomatic ties and restricted business with Qatar by restricting access to that country with an air, sea and land traffic embargo. During the economic embargo, restrictions have been placed on products shipped directly to Qatar from Saudi Arabia, the UAE or Bahrain. In February 2019, the UAE partially lifted the sanctions imposed on Qatar and allowed cargoes originating in Qatar to enter UAE ports while still maintaining the ban against Qatar flagged vessels. Any trade defence measures, embargoes or duties imposed on exports or imports that form part of the Group's throughput could have a material and adverse effect on the Group's business, results of operations or financial condition.

***The Group's indebtedness could adversely affect its ability to raise additional capital to fund its operations and limit its ability to react to changes in the economy or the industries in which the Group operates***

As at 31 December 2018, the Group had U.S.$10,419.8 million of outstanding interest-bearing loans and borrowings (current and non-current) and it may incur additional indebtedness in the future to finance the growth of its business.

The Group's indebtedness may expose it to a number of risks, including:

- increasing the Group's vulnerability to general economic and industry conditions;
- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on the Group's indebtedness, thereby reducing the Group's ability to use its cash flow to fund its operations, capital expenditures and future business opportunities and to pay dividends;
- exposing the Group to the risk of increased interest rates with respect to its borrowings at variable rates of interest, unless the Group is able to fully hedge its interest rate exposure with respect to such borrowings;

- restricting the Group from making strategic acquisitions or causing it to make non-strategic divestitures;
- limiting the Group's ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes;
- limiting the Group's ability to adjust to changing market conditions and place it at a competitive disadvantage compared to its competitors that are less highly leveraged; and
- ratings currently assigned to the Company and/or the Notes being placed on credit watch or downgraded (see further "*Risks Related to the Market Generally – Credit ratings assigned to the Company and/or the Notes are subject to ongoing evaluation and there can be no assurance that the ratings currently assigned to the Company and/or the Notes will not be placed on credit watch or downgraded*").

In addition, the Group's debt agreements contain various covenants that limit its ability to engage in specified types of transactions. These covenants limit the Group's ability to, among other things (and subject to certain thresholds):

- incur or guarantee additional financial indebtedness or issue certain redeemable shares;
- grant security or create any security interests; and
- consolidate, merge or sell or otherwise dispose of any of the Group's assets.

Furthermore, certain of the Group's debt agreements contain, and future agreements may contain, cross-default clauses whereby a default under one of the Group's debt agreements may constitute an event of default under other of the Group's debt agreements. For instance, the Company entered into unsecured syndicated conventional and murabaha term and revolving loan facilities (the "**Syndicated Facilities**") (see further "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Indebtedness*") which require the Group to maintain a specified ratio of total debt to total debt plus equity and contains other financial condition tests. The Group's ability to meet such ratios and tests can be affected by events beyond the Group's control and there can be no assurance that the Group will meet such ratios and tests.

Moreover, the Syndicated Facilities as well as the Company's guaranteed outstanding listed debt securities contain "change of control" provisions which require the Government, either directly or indirectly, to hold at least 50 per cent. of the Company's issued share capital. However, the Group has no ability to control the actions of the Government or PFZW with respect to their holding of the Company's share capital and can therefore make no assurance that either entity will not dispose of its holdings of the Company's share capital in the future either voluntarily or involuntarily. A breach of any of these covenants or provisions would result in a default under the Syndicated Facilities and the Company's guaranteed outstanding listed debt securities, which may allow the holders to take action to accelerate the maturity of the securities. Accordingly, any such breach could materially and adversely affect the Group's business, prospects, results of operation and financial condition.

For further information regarding the Group's material indebtedness and the undertakings and covenants included therein, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Indebtedness*".

***Fluctuations in currency exchange rates could have an adverse effect on the Group's results of operations***

Since the Group presents its financial statements in U.S. dollars, it is exposed to risks related to the translation of assets and liabilities denominated in other currencies.

In response to the declining price of crude oil since June 2014, certain regional oil producing countries that have traditionally "pegged" their domestic currencies to the U.S. dollar have faced pressure to remove these foreign exchange "pegs". As at the date of this Base Prospectus, each of Kazakhstan, Nigeria and Azerbaijan have chosen to unwind the U.S. dollar peg of their domestic currencies. While it is unlikely that the UAE or the Kingdom of Saudi Arabia would pursue a similar course of action, there remains a risk that any such future de-pegging by the any of these states (in the event that the current challenging market conditions persist for a prolonged period) could result in a de-valuation of any such de-pegged currency against the U.S. dollar and could impact open cross-currency positions leading to currency fluctuations.

As at 31 December 2018, 63.9 per cent. of the Group's Net Operating Assets were denominated in currencies other than the functional currency of the Company (being the UAE dirham, which is pegged to the U.S. dollar). As a result, currency fluctuations can have a material impact on the Group's balance sheet.

In addition to these translation risks, the Group is exposed to transaction risks as a result of differences in the currency mix of its operating revenue and cost of sales. As a result, a depreciation or appreciation of a particular local currency against the U.S. dollar could have either a positive or negative impact on the Group's balance sheet and profit margin and therefore its profit for the year (see further "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Financial Condition and Results of Operations – Currency Risk*").

Although the Group currently hedges some of its exchange rate exposure by entering into swap and/or other currency exchange rate hedging transactions, there can be no assurance that such transactions will fully protect the Group from exchange rate risk or that the Group will continue to be able to enter into such arrangements on commercially reasonable terms, if at all. Accordingly, there can be no assurance that future exchange rate fluctuations between the U.S. dollar and the currencies of countries in which the Group operates will not have a material adverse effect on the Group's business, prospects, results of operation and financial condition.

***Increases in interest rates may adversely affect the Group's financial condition***

Interest rates are highly sensitive to many factors beyond the Group's control, including the interest rate and other monetary policies of governments and central banks in the jurisdictions in which the Group operates. The variable rate debt portion of the Group's financial liabilities (loans and borrowings) is subject to interest rate risk resulting from fluctuations in the relevant reference rates underlying such debt. Consequently, any increase in such reference rates will result in an increase in the Group's interest rate expense and may have a material adverse effect on the Group's financial condition and results of operations. As at 31 December 2018, U.S.$2,455.8 million of the Group's loans and borrowings (before taking into account the effect of interest rate swaps) carried interest at floating rates. A hypothetical 1 per cent. change in interest rates on this portion of the Group's financial instruments (before taking into account the effect of interest rate swaps) would result in a change in the Group's interest expense of U.S.$9.8 million per year.

Furthermore, there can be no assurance that, upon the expiration of the Group's current interest rate hedging arrangements, it will be able to enter into similar hedging transactions in the future on commercially reasonable terms, if at all, or that these agreements, if entered into, will protect the Group fully against its interest rate risk in the future. Any future unhedged interest rate risk may result in an increase in the Group's interest expense and may have a material adverse effect on the Group's business, prospects, results of operation and financial condition.

***Revenues generated by the PLEZ business are dependent upon occupancy levels, rental rates and legislation***

The revenues generated within the PLEZ business primarily comprise leasing revenue, as well as revenue from registration and licensing activities and administration services. These revenues are driven by the supply of, and demand for, available space which is suitable to tenants in the relevant zone, as well as other factors, such as the perceived desirability of the area by tenants as a business location.

A decrease in demand for space in the PLEZ business, including for land, warehouses, offices and onsite residential accommodation, would adversely affect occupancy levels in the PLEZ business and associated revenues.

Additionally, leasing revenue received by JAFZ could also be affected by legislative restrictions on the permissible level of rental increases and possible future changes in law. Dubai legislation prescribes the maximum increase which is permitted upon renewal of most types of leases in Dubai and could restrict JAFZ's ability to increase lease rates and, accordingly, its leasing revenues generated within the Free Zone.

Furthermore, the boundaries of the Free Zone are set in the JAFZ Concession Documents, which means that the growth of JAFZ is limited to the development of undeveloped land or the re-development of developed properties in the Free Zone. As at 31 December 2018, approximately 11 per cent. of the land available in the Free Zone was undeveloped. Similar businesses with the PLEZ business are restricted by the limits of the designated park or economic zone. Demand for space in the Free Zone, or the Group's other PLEZ locations, in the future may be adversely affected by, among other things, competitive factors; a downturn in the global, regional or local economy; circumstances which cause the UAE or Dubai, or other relevant locations, to be perceived as a less desirable place to do business; a change in law reducing the economic advantages to tenants of doing business in the relevant park or economic zone; a decline in the level of services provided to tenants in the relevant park or economic zone; or a change in the environmental condition of the relevant park or economic zone. A decline in the overall level of leasing revenue generated from the Free Zone, or other relevant park or economic zone, and/or revenue from licensing activities and/or administration services could have a material adverse effect on the business, prospects, results of operation and financial condition of the Group.

***The Group is exposed to credit risk with respect to its counterparties and the Group's business could be adversely affected if its counterparties default on their obligations to the Group***

A failure by any of the Group's debtors to pay their obligations to the Group, or inability to pay by any of the Group's counterparties, may have a significant impact on the Group's reserves and profitability. As at 31 December 2018, the Group's ten largest customers accounted for 39 per cent. of the Group's trade receivables. While the Group seeks to limit its credit risk by setting credit limits for individual counterparties, taking financial guarantees from counterparties and monitoring outstanding receivables, the Group's counterparties may in the future default on their obligations to the Group due to bankruptcy, lack of liquidity, operational failure or other reasons. The Group's credit risk is increased by the fact that its largest counterparties operate in the same industry and therefore may be similarly affected by changes in economic and other conditions. In addition, the Group is often unable to obtain reliable information regarding the financial condition of a number of its customers because they are privately-held companies and have no obligation to make such information publicly available. While the Group takes steps to closely monitor this risk and to ensure tight control in respect of the credit risk of its counterparties, any delayed payment, non-payment or non-performance on the part of one or more of the Group's major customers, or a number of the Group's smaller counterparties, could have a material adverse effect on the Group's business, prospects, results of operation and financial condition (including cash flow).

***The discontinuation of any of the preferential tax treatments currently available to the Group may increase the Group's tax liabilities and decrease the Group's profitability***

Certain of the Group's container terminal operations (for instance, certain terminals located in India, Egypt, Vietnam, Korea, Ecuador, Somaliland, Rwanda and Turkey) benefit from tax "holiday" or similar awards, which exempt the Group from paying tax on its profits or allow it to pay a reduced rate of tax on its profits (in most cases for a specified period of time and in some for a specific taxable amount). Such awards do not extend to the dividend distribution of such profits. As a result of these tax awards, the Group's overall tax charge is less than it would otherwise be in the absence of such awards. Some of the existing tax awards expire at various times between 2023 and 2031 and, upon their expiration, the Group will be required to pay tax on the Group's profits at the normal rate for the relevant country. There can be no assurance that the tax awards that the Group currently enjoys will remain unchanged or that the Group will be able to renew them and any change in respect of one or more such awards may materially and adversely affect the Group's tax liabilities and profitability.

***The Group's port operations could be adversely affected by natural disasters or other catastrophic events beyond the Group's control***

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

- changes to predominant natural weather, hydrologic and climatic patterns, including sea levels;
- the amount of silting that occurs in the areas around and leading to the Group's facilities;

- invasion, piracy, sabotage, rebellion, revolution, insurrection, military or usurped power, war and radioactive or other material environmental contamination;
- riots or other forms of civil disturbance;
- occurrence of any contagious disease (such as Avian Flu, Ebola Virus Disease, SARS or Zika Virus Disease), which may adversely affect global or regional trade volumes or customer demand with respect to cargo transported to or from affected areas;
- major accidents, including chemical, and radioactive or other material environmental contamination;
- denial of the use of any railway, port, airport, shipping service or other means of public transport; and
- strike or lock-out or other industrial action by workers or employers.

The occurrence of any of these events at one or more of the Group's facilities or development and construction projects or in the regions in which the Group operates may cause delays in the arrival and departure of vessels or disruptions to the Group's operations in part or in whole, may increase the costs associated with dredging activities, may subject the Group to liability or impact its brand and reputation and may otherwise hinder the normal operation of its container terminals or the Free Zone, which could materially and adversely affect the Group's business, prospects, results of operation and financial condition. The effect of any of these events may be worsened to the extent that any such event involves risks for which the Group is uninsured or not fully insured (see further "*Risks Related to the Group – The Group may not maintain sufficient insurance coverage for the risks associated with the operation of its business*").

***The Group may not maintain sufficient insurance coverage for the risks associated with the operation of its business***

The Group's operations may be affected by a number of risks, including terrorist acts and war-related events, for which full insurance cover is either not available or not available on commercially reasonable terms. In addition, the severity and frequency of various other events, such as accidents and other mishaps, business interruptions or potential damage to the Group's facilities, property and equipment caused by inclement weather, human error, pollution, labour disputes and acts of God, as well as risks relating to the Group's provision of services to customers, including, with respect to the Group's container terminal and Free Zone operations, damage to customers' property, delays, misrouting of cargo and documentation errors, may result in losses or expose the Group to liabilities in excess of its insurance coverage or significantly impair the Group's reputation. There can be no assurance that the Group's insurance coverage will be sufficient to cover the loss arising from any or all such events or that it will be able to renew existing insurance cover on commercially reasonable terms, if at all.

Should an incident occur in relation to which the Group has no insurance cover or inadequate insurance cover, the Group could lose the capital invested in, and anticipated future revenues relating to, any property that is damaged or destroyed and, in certain cases, it may remain liable for financial obligations related to the impacted property. Similarly, in the event that any assessments are made against the Group in excess of any related insurance cover that it may maintain, its assets could be subject to attachment, confiscation or restraint under various judicial procedures. Any of these occurrences could have a material adverse effect on the Group's reputation, business, prospects, results of operation and financial condition.

***Additional security requirements may increase the Group's operating costs and restrict its ability to conduct its ports business***

In recent years, various international bodies and governmental agencies and authorities in the countries in which the Group operates have implemented numerous security measures that affect the Group's container terminal operations and the costs associated with such operations. The International Ship and Port Facility Security Code ("**ISPS Code**"), which was implemented in 2004, and, to the extent that the Group's terminals handle cargo destined for the United States, the global security initiatives emanating from the U.S. Safe Ports Act of 2006, specifically the Container Security Initiative ("**CSI**") and the Secure Freight Initiative ("**SFI**"), are examples of such security measures. The ISPS Code is a comprehensive set of measures designed to enhance the security of ships and port facilities and requires the Group and the Group's staff to, among other things, gather and assess information related to shippers and cargos; maintain communication protocols; restrict access to the Group's facilities as appropriate; provide the means to raise alarms, establish vessel and port security plans; and ensure training and drills are conducted. The CSI and SFI programs are designed to improve U.S. port security by requiring the advance transmission of manifest documentation and technical images of pre-screened containers before they reach U.S. ports. Failure on the Group's part to comply with the security requirements applicable to the Group or obtain relevant security-related certifications may, among other things, prevent certain shipping line customers from using the Group's facilities and result in higher insurance premiums, which could have a material adverse effect on the Group's business, prospects, results of operation and financial condition.

In addition, new security measures or updated regulatory compliance requirements, which may be influenced by political or other considerations not aligned with the Group's interests, may be introduced at any time, including in connection with the EU Customs Security Program – Authorised Economic Operator initiative, the U.S. Customs – Trade Partnership Against Terrorism initiative and other government-to-industry initiatives, and ensuring the Group's compliance with such measures or requirements may involve considerable time and resources on the Group's part. The costs associated with existing and any additional or updated security measures will negatively affect the Group's operating income to the extent that it is unable to recover the full amount of such costs from its customers, who generally also have faced increased security-related costs, or, in certain cases, the owners of the ports in which the Group operates. Similarly, additional security measures that require the Group to increase the scope of its screening procedures may effectively reduce the capacity of, and increase congestion at, the Group's terminals, which may negatively affect the Group's business, prospects, results of operation and financial condition.

***The Group relies on security procedures carried out at other port facilities and by its shipping line customers, which are outside of the Group's control***

The Group inspects cargo that enters its terminals in accordance with the inspection procedures prescribed by, and under the authority of, the governmental body charged with oversight of the relevant port. The Group also relies on the security procedures carried out by its shipping line customers and the port facilities that such cargo has previously passed through to supplement the Group's own inspection to varying degrees. The Group attempts to mitigate security-related risks as much as possible (for instance, through cargo inspection and reliance on shipping line security procedures) and believes that it maintains standards for security at its terminals, including with respect to compliance with the ISPS Code and internationally-recognised efficient security management systems that meet or exceed those generally adopted by the container terminal industry. However, the Group cannot guarantee that none of the cargo that passes through its terminals will be impacted by breaches in security or acts of terrorism either directly against the Group or indirectly in other areas of the supply chain that will impact on the Group. A security breach or act of terrorism that occurs at one or more of the Group's facilities, or at a shipping line or other port facility that has handled cargo before the Group, could subject the Group to significant liability, including the risk of litigation and loss of goodwill. In addition, a major security breach or act of terrorism that occurs at one of the Group's facilities or one of its competitors' facilities may result in a temporary shutdown of the container terminal industry and/or the introduction of additional or more stringent security measures and other regulations affecting the container terminal industry, including the Group (see further "*Risks Related to the Group – Additional security requirements may increase the Group's operating costs and restrict its ability to conduct its ports business*"). The costs associated with any such outcome could have a material adverse effect on the Group's business, prospects, results of operation and financial condition.

***The Group is subject to a wide variety of regulations and may face substantial liability if it fails to comply with existing or future regulations applicable to its businesses***

In each of the jurisdictions in which the Group operates and will operate, it has to comply with laws, regulations and administrative policies which relate to not only environmental regulations and safety standards but also employment (including pensions), anti-corruption, banking and tax. In particular, JAFZ must comply with safety standards stipulated by JAFZA as the competent authority with respect to the Free Zone.

The Group's terminal and Free Zone operations are subject to extensive international, national and local laws and regulations governing, among other things (as applicable), the fees that the Group is permitted to charge at certain ports; the loading, unloading and storage of hazardous materials; environmental protection; and health and safety. The Group's ability to operate its businesses is contingent on the Group's ability to comply with these laws and regulations and to obtain, maintain and renew as necessary related approvals, permits and licenses from governmental agencies and authorities in the countries in which the Group operates. As the laws and regulations governing the Group's operations, and the legal interpretations of these laws and regulations, are not uniform across the countries in which the Group operates, the Group is exposed to the costs and administrative difficulties involved in keeping itself informed of new and evolving legislation and regulations that span many jurisdictions. Due to the complexities involved in ensuring compliance with different and sometimes inconsistent national and international regulatory regimes, there can be no assurance that the Group will remain in compliance with all of the regulatory and licensing requirements imposed on it by each relevant jurisdiction.

The Group's failure to comply with all applicable regulations and obtain and maintain requisite certifications, approvals, permits and licenses, whether intentional or unintentional, could lead to substantial penalties, including criminal or administrative penalties or other punitive measures, result in revocation of the Group's licenses and/or increased regulatory scrutiny (including, in the case of JAFZ, restrictions on providing leasing activities or other services), impair the Group's reputation, subject it to liability for damages, trigger a default under one or more of its financing agreements or invalidate or increase the cost of the insurance that it maintains for its ports business. Additionally, the Group's failure to comply with regulations that affect its staff, such as health and safety regulations, could affect its ability to attract and retain staff (see further "*Risks Related to the Group – If the Group fails to retain and attract qualified and experienced employees, its business may be harmed*"). The Group could also incur civil liabilities such as abatement and compensation for loss in amounts in excess of, or that are not covered by, the Group's insurance (see further "*Risks Related to the Group – The Group may not maintain sufficient insurance coverage for the risks associated with the operation of its business*"). For the most serious violations the Group could also be forced to suspend operations until it obtains such approvals, certifications, permits or licenses or otherwise bring its operations into compliance.

In addition, changes to existing regulations or tariffs or the introduction of new regulations or licensing requirements (which may be retrospective) are beyond the Group's control and may be influenced by political or commercial considerations not aligned with the Group's interests. Any such regulations, tariffs or licensing requirements could materially and adversely affect the Group's business by reducing its revenue, increasing its operating costs or both and the Group may be unable to mitigate the impact of such changes. Further or future tariff reductions at one or more of the Group's terminals could have a negative effect on the Group's results of operations.

Finally, any expansion of the scope of the regulations governing the Group's environmental obligations, in particular, would likely involve substantial additional costs, including costs relating to maintenance and inspection, development and implementation of emergency procedures and insurance coverage or other financial assurance of the Group's ability to address environmental incidents or external threats. If the Group is unable to control the costs involved in complying with these and other laws and regulations, or recover the full amount of such costs from its customers, the Group's business, prospects, results of operation and financial condition could be materially and adversely affected.

***If the Group fails to retain and attract qualified and experienced employees, its business may be harmed***

If the Group is unable to retain experienced, capable and reliable personnel, especially senior and middle management with appropriate professional qualifications, or fails to recruit skilled professional and technical staff in pace with its growth, its business and financial results may suffer. There is intense competition in the UAE for skilled personnel, especially at the senior management level, due to a disproportionately low number of available qualified and/or experienced individuals compared to current demand. Consequently, when talented employees leave, the Group may have difficulty, and incur additional costs, replacing them. The loss of any member of the Group's management team or any of the Group's terminal managers may result in: (i) a loss of organisational focus; (ii) poor execution of operations; and (iii) an inability to identify and execute potential strategic initiatives such as expansion of capacity. These adverse results could, among other things, reduce potential revenue, prevent the Group from diversifying its service lines and expose it to downturns in the markets in which the Group operates, all of which could materially and adversely affect the Group's business, prospects, results of operation and financial condition.

***Industrial action or adverse labour relations could disrupt the Group's business operations and have an adverse effect on the Group's operating results***

The Group's operations depend on employees who may be party to national or local collective bargaining arrangements or benefit from local applicable law, regulation or custom regarding employee rights and benefits. If the Group is unable to negotiate acceptable labour agreements or maintain satisfactory employee relations, the results could include work stoppages, strikes or other industrial action or labour difficulties (including higher labour costs) at one or more of the Group's facilities, any of which could have a material adverse effect on the Group's business, business, prospects, results of operation and financial condition.

***Failure in the Group's information and technology systems could result in delays to its business operations***

The Group's information and technology systems are designed to enable it to use its infrastructure resources as efficiently as possible and monitor and control all aspects of its operations. Although each of the Group's terminals, based on the nature of its business, is configured to keep its systems operational under abnormal conditions, including with respect to business processes and procedures, any failure or breakdown in these systems could interrupt its normal business operations and result in a significant slowdown in operational and management efficiency for the duration of such failure or breakdown. Any prolonged failure or breakdown could dramatically impact the Group's ability to offer services to its customers, which could have a material adverse effect on the Group's business, prospects, results of operation and financial condition. Similarly, any significant delays or interruptions in the Group's loading or unloading of a customer's cargo could negatively impact its reputation as an efficient and reliable terminal operator.

Further, in common with other terminal operators based in the GCC and elsewhere in the world, the threat to the security of the Group's information and container-related data from cyber-attacks is real and continues to grow at pace. Activists, rogue states and cyber criminals are among those targeting computer systems around the world. Risks to technology and cyber-security change rapidly and require continued focus and investment. Given the increasing sophistication and scope of potential cyber-attack, it is possible that future attacks may lead to significant breaches of security. Failure to adequately manage cyber-security risk and continually review and update current processes in response to new threats could adversely affect the Group's reputation, business, prospects, results of operation and financial condition.

The Group is also reliant on third party vendors to supply and maintain much of its information technology. In the event that one or more of the other third-party vendors that the Group engages to provide support and upgrades with respect to components of the Group's information technology ceased operations or became otherwise unable or unwilling to meet the Group's needs, there can be no assurance that the Group would be able to replace any such vendor promptly or on commercially reasonable terms, if at all. Delay or failure in finding a suitable replacement could materially and adversely affect the Group's business, prospects, results of operation and financial condition.

***The Group may fail to implement and manage its business strategy***

Historically, the Group was a global ports and terminal operator. Over the last several years through acquisitions, the Group has begun complementing its ports and terminals business with its PLEZ and maritime services business. This is part of the Group's strategy to become not just a port and terminal operator but a leading enabler of global trade and an integral part of the supply chain. However, the PLEZ and maritime services businesses have different cash flow and profitability dynamics to the Group's existing ports and terminals business. For example, logistics businesses typically deliver lower EBITDA margins. As a result as the Group expands these businesses in proportion to its ports and terminals business, the Group's EBITDA margin may decline. Additionally, the Group does not have the same historical experience in these areas. Should the Group not successfully execute its new strategy it could have a material adverse effect on the Group's business, results of operation and financial condition.

***The Group operates a number of defined benefit pension schemes***

The Group operates a number of defined benefit pension schemes. The valuation of the pension deficit requires significant levels of judgement and technical expertise in choosing the appropriate assumptions. Changes in a number of the key assumptions including salary increases, inflation, discount rates and mortality assumptions can have a material impact on the calculation of the pension position. As a result of the size of the pension scheme deficit and the judgements inherent in the actuarial assumptions used in the valuation of the pension benefit obligations, we considered this to be an area of focus. The Group expects to make a pension contribution of approximately U.S.$23.9 million in 2019 to these schemes. Any change in the assumptions or the Group's obligations could materially and adversely affect the Group's business, prospects, results of operation and financial condition.

**Risks Related to the Regions in which the Group Operates**

***The Group is subject to political and economic conditions in Dubai, as well as the UAE as a whole***

For the year ended 31 December 2018, 68.2 per cent. of the Group's revenue related to its operations located in the Middle East, Europe and Africa financial reporting segments, a significant portion of which related to operations in the UAE. Consequently, the Group's results of operations are and will continue to be affected by the financial, political and general economic conditions prevailing from time to time in or affecting Dubai, the UAE and the Middle East as well as the broader Indian Subcontinent and Africa regions.

Although it has one of the most diversified economies in the GCC, the UAE's wealth remains largely based on oil and gas. According to the OPEC website, the price of the OPEC Reference Basket has fluctuated significantly in recent years. The monthly average OPEC Reference Basket price per barrel fell sharply by approximately 75 per cent. from U.S.$107.89 in July 2014 to U.S.$26.50 in January 2016. Since then, global oil prices have gradually risen, with the OPEC yearly basket price increasing from U.S.$40.76 in 2016 to U.S.$69.78 in 2018. However, crude oil prices have remained volatile with the OPEC monthly basket price fluctuating from U.S.$58.74 in January 2019 to U.S.$70.78 in April 2019 to U.S.$59.56 in August 2019 (as at 28 August 2019), partly as a result of global trade tensions (see further "*Risks Related to the Group – The Group's results of operations can be adversely impacted by declines in global trading volumes*"). Oil prices are expected to continue to fluctuate in the future in response to changes in many factors over which the Group has no control.

The lower international prices for hydrocarbon products have had a significant adverse effect on the oil-revenue dependent GCC economies, resulting in reduced fiscal budgets and public spending plans, together with increased budgetary deficits across the GCC. Despite the UAE being viewed as being less vulnerable than some of its GCC neighbours due to the growth in its non-oil sector and the sizeable wealth of the Government of Abu Dhabi, fluctuations in energy prices have an important bearing on economic growth. According to the IMF 2018 Article IV Consultation (published on 1 February 2019), the UAE's current account surplus nearly doubled in 2017 to 6.9 per cent. of GDP as a result of an increase in oil revenues (and imports remaining flat), and is expected to strengthen further to 7.1 per cent. of GDP in 2018 and to nearly 8.0 per cent. of GDP in 2019 owing to higher oil prices. However, in the medium term, the current account surplus is projected to settle at a lower level; this again is due to expected medium term softening of oil prices. Any such factor which results in a further reduction in governmental spending may have an adverse impact on the level of economic activity in the UAE which could, in turn, have a negative impact on regional trade volumes (see further "*Risks Related to the Group – The Group's results of operations can be adversely impacted by declines in global trading volumes*").

In addition, while the UAE is seen as a relatively stable political environment, certain other jurisdictions in the Middle East are not and there is a risk that regional geopolitical instability could impact the UAE. Instability in the Middle East may result from a number of factors, including government or military regime change, civil unrest or terrorism. In particular, since early 2011 there has been political unrest in a range of MENA countries, including Egypt, Algeria, the Hashemite Kingdom of Jordan, Libya, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, the Republic of Yemen, the Republic of Iraq (Kurdistan), Syria, Palestine, the Republic of Turkey, Tunisia and the Sultanate of Oman. This unrest has ranged from public demonstrations to, in extreme cases, armed conflict (including the multinational conflict with Islamic State (also known as Daesh, ISIS or ISIL)) and the overthrow of existing leadership and has given rise to increased political uncertainty across the region. Further, the UAE, along with other Arab states, is currently participating in the Saudi Arabian led intervention in Yemen which began in 2015 in response to requests for assistance from the Yemeni government against the Al Houthi militia. The UAE is also a member of another Saudi Arabian led coalition formed in December 2015 to combat Islamic extremism and, in particular, Islamic State. Additionally, in June 2017 a number of MENA countries including the UAE, the Kingdom of Saudi Arabia, the Kingdom of Bahrain and the Arab Republic of Egypt severed diplomatic relations with the State of Qatar, citing Qatar's alleged support for terrorism and accusing Qatar of creating instability in the region. The termination of diplomatic relations included the withdrawal of ambassadors and imposing trade and travel bans. As at the date of this Base Prospectus, political tension between the Islamic Republic of Iran and the Kingdom of Saudi Arabia is also on the rise, including as a result of tightening of Iranian sanctions by the U.S.

These situations have caused significant disruption to the economies of affected countries and have had a destabilising effect on international oil and gas prices. Though the effects of the uncertainty have been varied, it is not possible to predict the occurrence of events or circumstances, such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the Group would be able to sustain its current profit levels if adverse political events or circumstances were to occur.

Continued instability affecting the countries in the MENA region could adversely impact the UAE although to date there has been no significant impact on the UAE and, in particular, the port at Jebel Ali continues to be regarded as a safe haven for trade and shipping in the Middle East. In particular, any blockage of, or other event affecting, the Strait of Hormuz or other political or military disruptions in the Arabian Gulf could prevent the Group's shipping line customers from reaching the ports at which the Group operates in the UAE, including through prohibitive increases in their insurance premiums. Any such occurrences could have a material adverse effect on the business, prospects, results of operation and financial condition of the Group.

The economies of Dubai and the UAE, like those of many emerging markets, have been characterised by significant government involvement through direct ownership of enterprises. Whilst Dubai and the UAE have enjoyed significant economic growth and relative political stability following the global financial crisis, there can be no assurance that such growth or stability will continue. Moreover, while the Government's policies have generally resulted in improved economic performance, there can be no assurance that such level of performance can be sustained. A general downturn or instability in certain sectors of the UAE or the regional economy could have a material adverse effect on the business, prospects, results of operation and financial condition of the Group.

Noteholders should also note that the Group's business and financial performance could be materially and adversely affected by political, economic or related developments both within and outside the Middle East region because of inter-relationships within the global financial markets. The Group could be materially and adversely affected in the future by any deterioration of general economic conditions in the markets in which its customers operate, as well as by international trading market conditions and/or related factors.

***The Group is subject to the risks of political, social and economic instability associated with countries and regions in which it operates or may seek to operate***

The Group conducts its business in a number of countries and regions with developing economies, many of which do not have firmly established legal and regulatory systems and some of which from time to time have experienced economic or political instability. Some of these countries are also in the process of transitioning to a market economy and, as a result, are experiencing changes in their economies and their government policies that can affect the Group's investments in these countries. Governments in these jurisdictions and countries, as well as in more developed jurisdictions and countries, may be influenced by political or commercial considerations outside of the Group's control, and may act arbitrarily, selectively or unlawfully, including in a manner that benefits the Group's competitors.

Specific country risks that may have a material adverse effect on the Group's financial condition and results of operations include:

- political instability, riots or other forms of civil disturbance or violence;
- war, terrorism, invasion, rebellion or revolution;
- government interventions, including expropriation or nationalisation of assets, increased protectionism and the introduction of tariffs or subsidies;
- changing fiscal, regulatory and tax regimes such as the introduction of value added tax in the GCC;
- arbitrary or inconsistent government action, including capricious application of tax laws and selective tax audits;
- difficulties and delays in obtaining requisite governmental licenses, permits or approvals;
- cancellation, nullification or unenforceability of contractual rights; and
- under-developed industrial and economic infrastructure, including railway and road systems that are unable to deal with the high volumes handled at a particular terminal.

For example, on 8 July 2014, the Group was notified that the Government of Djibouti ("**Djibouti**") had initiated arbitration proceedings before the London Court of International Arbitration ("**LCIA**") against the Group, alleging fraud and illegal payments and seeking rescission of all contracts between the Group and the Djibouti. On 20 February 2017, the LCIA dismissed all such claims in their entirety and ordered that Djibouti pay all of the Group's legal costs. Subsequently, on 8 November 2017, Djibouti adopted a new, retrospective law stating that Djibouti may renegotiate all agreements in the infrastructure sector which are contrary to the highest interests of the nation and, should any such renegotiations fail, Djibouti may unilaterally terminate such agreements. On 22 February 2018, pursuant to a presidential decree, Djibouti seized physical control of Doraleh Container Terminal S.A. ("**DCT**") from the Group. As a result, the Group subsequently deconsolidated the Group's business in Djibouti (the "**Djibouti deconsolidation**") (although the Group only had a 33.34 per cent. effective ownership interest in DCT, it was treated as a subsidiary of the Group until 22 February 2018, since the Group was able to govern the financial and operating policies of DCT by virtue of an agreement with the other investor). As a result, the Group commenced arbitration proceedings before the LCIA to protect its rights or to secure damages and compensation for breach or expropriation. On 20 July 2018, a hearing took place before the LCIA at which the Group requested that the LCIA declare the actions of Djibouti unlawful and confirm the validity of the concession agreement. On 31 July 2018, the LCIA confirmed in an arbitral award that the 2006 concession agreement remained valid and binding notwithstanding the laws and decrees Djibouti had adopted. In a further arbitral award on 29 March 2019, the LCIA confirmed that Djibouti must pay to DCT an amount of: (a) U.S.$88.0 million (plus compound interest at 3 per cent. per annum) for non-payment of royalties for traffic not transferred to DCT once it became operational; and (b) U.S.$385.7 million (plus simple interest at 3 per cent. per annum) for breach of exclusivity by developing a contained facilities at Doraleh Multipurpose Terminal, with further damages possible if Doraleh International Container Terminals is built by Djibouti.

In addition, on 23 June 2016, the U.K. voted to leave the EU in a referendum (the "**Brexit Vote**") and on 29 March 2017 the U.K. gave formal notice (the "**Article 50 Notice**") under Article 50 of the Treaty on EU ("**Article 50**") of its intention to leave the EU. The timing of the U.K.'s exit from the EU remains subject to some uncertainty. The terms of the U.K.'s exit from the EU are also unclear and will be determined by the negotiations taking place following the Article 50 Notice. It is possible that the U.K. may leave the EU with no withdrawal agreement as early as 31 October 2019 which, in turn, could result in a high degree of political, legal, economic and other uncertainty. The Brexit Vote and delivery of the Article 50 Notice have resulted in political (including U.K. constitutional), legal, regulatory, economic and market uncertainty in the U.K. as well as the rest of the EU. Such uncertainty and consequential market disruption may cause investment decisions to be delayed, reduce job security and damage consumer confidence, having implications for the global trade levels and patterns. The effect of the U.K. ultimately leaving the EU and the impact of such event on the U.K.'s, European and global economies are impossible to predict and, accordingly, it is difficult to forecast with any certainty the effect of these events on the operations of the Group in Europe (including on its operations at DP World London Gateway (U.K.)).

To the extent that any of the Group's operations is located in a country or region that is designated a Hull, War, Strikes, Terrorism and Related Perils Listed Area by Lloyd's Joint War Committee, shipping lines must pay war risk premiums in respect of insurance that they obtain for vessels travelling in such areas. For instance, in May 2019, four civilian commercial cargo ships were subjected to sabotage operations in the UAE's economic waters (east of the Emirate of Fujairah). Following this, according to a statement available on the Lloyd's Joint War Committee's website, the committee met to review the situation and it updated the listed areas to include the UAE in order to reflect the perceived heightened risk across the region. Further, two vessels were seized in July 2019 and the Lloyd's Joint War Committee's website advises that a general threat exists to all tanker traffic transiting the Strait of Hormuz. As at the date of this Base Prospectus, six of the Group's container terminals are located in three countries that are currently designated Hull, War, Strikes, Terrorism and Related Perils Listed Areas, namely the Islamic Republic of Pakistan ("**Pakistan**"), the Kingdom of Saudi Arabia and the UAE. Any such current or future designation could negatively affect the decisions of the Group's shipping line customers to continue to call at these terminals.

Changes in investment policies or shifts in the prevailing political climate in any of the countries in which the Group operates could result in the introduction of increased government regulations with respect to, among other things:

- price controls;
- export, import and throughput controls;

- income and other taxes;
- environmental legislation;
- customs and immigration;
- foreign ownership restrictions;
- foreign exchange and currency controls;
- labour and welfare benefit policies; and
- land and water use.

As the political, economic and social environments in certain countries in which the Group has made, or may consider making, investments remain subject to continuing development, investments in such countries are characterised by a significant degree of uncertainty. Any unexpected changes in the political, social, economic or other conditions in such countries, or in countries that neighbour such countries, could have a material adverse effect on the investments that the Group has made or may make in the future, which in turn could have a material adverse effect on the Group's business, prospects, results of operation and financial condition. For additional risks related to political and economic conditions in Dubai, the UAE and the Middle East, see "*Risks Related to the Regions in which the Group Operates – The Group is subject to political and economic conditions in Dubai, as well as the UAE as a whole*".

***Government policies relating to the container terminal industry may be changed in countries in which the Group operates and will operate and any such changes in a country could have a material adverse effect on its financial condition and results of its operations in that country***

Government policies relating to the container terminal industry may be changed in countries in which the Group operates. Any such changes may require the Group to change aspects of the way that the Group conducts business in the relevant country, which could have a material effect on the Group's financial condition, results of operations and prospects to the extent that current policies differ significantly from the policies ultimately promulgated by the relevant country. Any changes in government policies relating to the container terminal industry in countries that the Group is not currently operating in could prevent or restrict the Group's ability to operate in those countries in the future.

***Anti-trust and competition laws in the countries in which the Group operates and will operate may limit its growth and subject it to anti-trust and other investigations***

The anti-trust and competition laws and related regulatory policies in many of the countries in which the Group operates generally favour increased competition in the container terminal industry and may prohibit the Group from making further acquisitions or continuing to engage in particular practices to the extent that the Group holds a leading market share in such countries. In addition, violations of such laws and policies could potentially expose the Group to civil lawsuits or criminal prosecution, including fines and imprisonment. The Group cannot predict the effect such investigations will have on the Group's business. If as a result of any such investigation, the relevant anti-trust or competition authority imposes fines or other penalties on the Group or prohibits the Group from engaging in certain types of business in one or more of the regions in which the Group operates, the Group's financial performance and future growth could be materially and adversely affected.

**Risks Related to the Notes**

***Since the Company is a holding company and substantially all of its operations are conducted through its subsidiaries, unconsolidated joint ventures and associates, its ability to make payments in respect of the Notes issued by it, depends on its ability to obtain cash dividends or other cash payments or obtain loans from such entities***

The Company currently conducts substantially all of its operations through its subsidiaries, unconsolidated joint ventures and associates, and such entities generate substantially all of the operating income and cash flow of the Company. Since the Company has no direct operations or significant assets other than the capital stock of these entities, it relies on free cash flow of its subsidiaries, cash dividends from its joint ventures and associates, investment income, financing proceeds and other permitted payments from its subsidiaries, joint ventures and associates to make principal and interest payments on its debt (including the Notes issued by it), pay operating expenses and pay other obligations that may arise from time to time.

The ability of such subsidiaries, joint ventures and associates to make payments to the Company depends largely on the financial condition, ability to generate profits and ability to distribute such amounts, if any, of such entities. Since such subsidiaries, joint ventures and associates are separate and distinct legal entities, they will have no obligation to pay any dividends or to lend or advance funds to the Company and may be restricted from doing so by contract, including other financing arrangements, charter provisions, other shareholders or partners or the applicable laws and regulations of the various countries in which such entities operate. Similarly, because of the holding company structures of the Company, claims of the creditors of such subsidiaries, joint ventures and associates, including trade creditors, banks and other lenders, effectively have priority over any claims that the Company may have with respect to the assets of these entities (see further "*Risks Related to the Notes – Claims in respect of the Notes will be structurally subordinated to claims of creditors of the subsidiaries of the Company*").

No assurance can be given that such subsidiaries, joint ventures or associates will generate sufficient profits and cash flows, or otherwise prove willing or able, to pay dividends or lend or advance sufficient funds to the Company to enable it to meet its obligations, pay interest and pay expenses. The inability of one or more of these entities to pay dividends or lend or advance funds to the Company could have a material adverse effect on the business, prospects, results of operation and financial condition of the Company or the Group.

***Claims in respect of the Notes will be structurally subordinated to claims of creditors of the subsidiaries of the Issuer***

In the event of a winding-up or insolvency of one of the subsidiaries of the Issuer, claims of secured and unsecured creditors of such subsidiary, including trade creditors, banks and other lenders, will have priority with respect to the assets and revenues of such subsidiary over any claims that the Issuer or the creditors of the Issuer may have with respect to such assets and revenues. Generally, all of the obligations of a subsidiary of the Issuer would have to be satisfied before any of the assets or revenues of such subsidiary would be available, upon liquidation or otherwise, to the Issuer or the creditors of the Issuer. The Notes will therefore be structurally subordinated to the indebtedness of the subsidiaries of the Issuer, the amount of which is not subject to contractual limitations under the terms of the Notes (see further "*Risks Related to the Group – The Group's indebtedness could adversely affect its ability to raise additional capital to fund its operations and limit its ability to react to changes in the economy or the industries in which the Group operates*").

***The terms of the Notes will contain provisions allowing for modification and waivers thereof, and substitution of the Issuer, and as a result, the terms and conditions of the Notes may change, without the consent of the Noteholders***

Condition 11 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and the Trust Deed 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.

Condition 11 (*Meetings of Noteholders, Modification, Waiver and Substitution*) also provides that the Trustee may, without the consent of the Noteholders: (i) agree to any modification of any of the provisions of the Trust Deed that is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error; (ii) agree to any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed; and (iii) determine that any Event of Default or Potential Event of Default shall not be treated as such if in the case of (ii) and (iii), in the opinion of the Trustee, it is not materially prejudicial to the interests of the Noteholders. In addition, subject to Condition 11 (*Meetings of Noteholders, Modification, Waiver and Substitution*), the Trustee may agree to the substitution of the Issuer's successor in business or any subsidiary of the Issuer or its successor in business in place of the Issuer under the Trust Deed and the Notes.

Furthermore, subject to Condition 5(h), the Trustee and the Agents shall be obliged to agree to such modifications to the Trust Deed, the Agency Agreement and the Conditions as may be required in order to give effect to Condition 5(h) in connection with effecting any Alternative Reference Rate, Successor Rate, Adjustment Spread or related changes referred to in Condition 5(h) without the requirement for the consent or approval of the Noteholders.

***The transferability of the Notes may be limited under applicable securities laws and tax laws, which may adversely affect the value of the Notes***

The Notes have not been registered under the Securities Act or the securities laws of any state of the United States or any other jurisdiction. The Notes may not be offered, sold or otherwise transferred in the United States or to or for the account or benefit of a U.S. person other than to persons that are QIBs. Each purchaser of the Notes will also be deemed, by its acceptance of such Notes, to have made certain representations and agreements intended to restrict transfers of the Notes as described under "*Subscription and Sale and Transfer and Selling Restrictions*". It is the obligation of each purchaser of the Notes to ensure that its offers and sales of the Notes comply with all applicable securities laws.

In addition, if at any time the Issuer determines that any owner of Notes, or any account on behalf of which an owner of Notes purchased its Notes, is a person that is required to be a QIB and does not meet those requirements, or is a "benefit plan investor", the Issuer may require that such owner's Notes be sold or transferred to a person designated by or acceptable to the Issuer.

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

In relation to any issue of Bearer Notes which have denominations consisting of a minimum Specified Denomination (as specified in the applicable Final Terms (or Pricing Supplement, as applicable)) plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination in its account with the relevant clearing system, would need to purchase an additional amount of Notes such that it holds an amount equal to at least the minimum Specified Denomination to be able to trade such Notes. Noteholders should be aware that Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

If a Noteholder holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time, such Noteholder may not receive a definitive Bearer Note in respect of such holding (should they be printed) and would need to purchase a principal amount of Notes such that its holding amounts to at least a Specified Denomination in order to be eligible to receive a definitive Bearer Note.

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

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

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

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

***A change of law may materially and adversely affect the Notes***

The terms and 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 issue of any Notes nor whether any such change could adversely affect the ability of the Issuer to make payments under the Notes.

***Investments in emerging markets are subject to greater risk than investments in more developed markets***

Investors in emerging markets should be aware that these markets are subject to greater risks than more developed markets, including, but not limited to, in some cases significant legal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

**Risks Related to the Structure of a Particular Issue of Notes**

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

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

***Notes are subject to optional redemption by the Issuer upon the occurrence of certain tax events and may otherwise be subject to optional redemption by the Issuer***

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Series of Notes due to certain changes affecting taxation in the DIFC, the Emirate of Dubai, the UAE or any political subdivision or authority therein or thereof having the power to tax as provided or referred to in Condition 8 (*Taxation*), the Issuer may redeem all but not some only of the outstanding Notes of such Series in accordance with Condition 6(c) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*).

In the case of Notes with an additional optional redemption feature, the Issuer may choose to redeem such 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. In addition, such an optional redemption feature could limit the market value of Notes prior to or during any period when the Issuer may elect to redeem Notes as the market value of those Notes generally would not rise substantially above the price at which they can be redeemed.

***Make Whole Amounts may not be sufficient when they are payable***

In the case of Notes with a make whole feature, the relevant Make Whole Amount due and payable on such Notes may not be sufficient to cover the difference between the yield which the Noteholders would expect to receive if they held such Notes until scheduled maturity and any alternative investment which the Noteholders may make at the time of redemption with the proceeds of such redemption.

***Fixed/Floating Rate Notes are subject to additional risks***

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

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

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

***Regulation, reform and/or discontinuation of EURIBOR, LIBOR or other "benchmarks" could adversely affect any Notes linked to such benchmarks***

*Benchmark reform*

Euro interbank offered rate ("**EURIBOR**"), London interbank offered rate ("**LIBOR**") and other rates and indices which are deemed to be "benchmarks" are the subject of recent national and international regulatory guidance and reform. Some of these reforms are already effective whilst others are yet to apply. 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 a "benchmark".

Key international reforms of "benchmarks" include the Benchmarks Regulation. The Benchmarks Regulation entered into force on 30 June 2016 and became applicable on 1 January 2018, subject to certain transitional provisions. The Benchmarks Regulation applies to "administrators" of, "contributors" to and "users" of "benchmarks" in the EU. Among other things, the Benchmarks Regulation: (i) requires EU benchmark administrators to be authorised or registered by a national regulator (unless an exemption applies); (ii) provides that in order to be used by supervised entities in the EU, a non-EU benchmark must be qualified for use in the EU under the third-country regime (through equivalence, recognition or endorsement) and comply with extensive requirements in relation to the administration of the non-EU benchmark; and (iii) bans the use by "supervised entities" of: (a) EU "benchmarks" whose administrators are not authorised or registered; and (b) non-EU "benchmarks" that are not qualified for use in the EU under the third-country regime.

The Benchmarks Regulation and/or any other international, national or other reforms and/or the general increased regulatory scrutiny of "benchmarks" could have a material impact on any Notes linked to a "benchmark" index, including in any of the following circumstances:

- a rate or index which is a "benchmark" could not be used as such if its administrator does not obtain authorisation/registration or is not able to rely on one of the regimes available to non-EU benchmarks; and
- the methodology or other terms of the "benchmark" could be changed in order to comply with the terms of the Benchmarks Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level.

In addition, any of the international, national or other 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. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks".

Furthermore, LIBOR is the subject of ongoing regulatory reforms. On 27 July 2017, Andrew Bailey, the Chief Executive of the FCA, which regulates LIBOR, announced that the FCA intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after the end of 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after the end of 2021. Subsequent speeches by Andrew Bailey and other FCA officials have emphasised that market participants should not rely on the continued publication of LIBOR after the end of 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forward. This may cause LIBOR to perform differently than it has in the past and may have other consequences which cannot be predicted.

*Benchmark fallback provisions*

Investors should be aware that, if LIBOR (or any other benchmark) were discontinued or otherwise unavailable, the amounts payable in respect of Floating Rate Notes which reference LIBOR (or such other benchmark) will be determined for the relevant period by the fallback provisions applicable to such Notes. Depending on the manner in which such amounts are to be determined under the Conditions, this may: (1) if ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations which, depending on market circumstances, may not be available at the relevant time; or (2) if Screen Rate Determination applies, result in the effective application of a fixed rate for the next succeeding Interest Period (and, potentially, subsequent Interest Periods) based on the Rate of Interest which applied in the previous period when the benchmark was available. This is because where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where the relevant Reference Rate is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available.

In such circumstances, the Conditions provide for the Rate of Interest to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent. Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of the relevant Reference Rate), the Rate of Interest may ultimately revert to the Rate of Interest applicable as at the last preceding Interest Determination Date before the relevant Reference Rate was discontinued.

If a Benchmark Event (as defined in the Conditions), which includes the permanent discontinuation of a Reference Rate, occurs, there is a possibility that the Rate of Interest could alternatively be set by an Independent Adviser (without a requirement for the consent or approval of Noteholders) by reference to a Successor Rate or an Alternative Reference Rate, and (in either case) an Adjustment Spread may be applied to such Successor Rate or Alternative Reference Rate. The use of any such Successor Rate or Alternative Reference Rate and, in either case, an Adjustment Spread to determine the Rate of Interest is likely to result in Floating Rate Notes initially linked to or referencing the relevant Reference Rate performing differently (which may include payment of a lower Interest Amount) than they would do if the relevant Reference Rate were to continue to apply in its current form. Further, the market (if any) for Notes linked to any such Successor Rate or Alternative Reference Rate may be less liquid than the market for Notes linked to the relevant Reference Rate.

In addition, the application of an Adjustment Spread may result in the Notes performing differently (which may include payment of a lower Interest Amount) than they would do if the relevant Reference Rate were to continue to apply in its current form. The consent of the Noteholders shall not be required in connection with effecting a Successor Rate or an Alternative Reference Rate (as applicable) and/or (in either case) an Adjustment Spread or such other changes pursuant to Condition 5(h)(v), including for the execution of any documents, amendments or other steps by the Issuer or the Calculation Agent (if required).

The Issuer may be unable to appoint an Independent Adviser or the Independent Adviser appointed by the Issuer may fail to determine the Successor Rate or failing which the Alternative Reference Rate, in which case the Rate of Interest applicable to such Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period which may be the initial Rate of Interest. Applying the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event is likely to result in Notes linked to or referencing the relevant Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant Reference Rate were to continue to apply, or if a Successor Rate or Alternative Reference Rate could be determined. Any of the foregoing could have a material adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference LIBOR (or any other benchmark).

The potential elimination of benchmarks, such as LIBOR, the establishment of alternative reference rates or other reforms may require adjustments to the terms of benchmark-linked securities and may result in other consequences, such as interest payments that are lower than, or that do not otherwise correlate over time with, the payments that would have been made on those securities if the relevant benchmark was available in its current form. Investors in Floating Rate Notes which reference such other benchmarks should be mindful of the material adverse effect such elimination, fallbacks and/or reforms may have on the value or liquidity of, and return on, any Floating Rate Notes which reference any such benchmark.

***The use of proceeds of the Notes may not meet the expectations or requirements of ESG focused investors***

The Issuer may specify in the applicable Final Terms (or Pricing Supplement, as applicable) that the proceeds from the relevant Notes will be used for environmental, social and governance ("**ESG**") purposes. In respect of such Notes, the Issuer will exercise its judgement and sole discretion in determining the businesses and projects that will be financed by such proceeds.

Furthermore, it should be noted that there is currently no clearly-defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, an ESG or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as ESG-compliant or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors (including by any Dealer) that any projects or uses the subject of, or related to, any of the businesses and projects funded with the proceeds from any Notes will meet any or all investor expectations regarding such ESG or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any of the businesses and projects funded with the proceeds from the Notes. As a result, there can be no assurance that such businesses and projects will meet investor expectations or requirements.

In addition, there is no contractual obligation to investors to allocate the proceeds of the Notes to finance eligible businesses and projects or to provide annual progress reports as described in "*Use of Proceeds*" in the applicable Final Terms (or Pricing Supplement, as applicable). The Issuer's failure to so allocate or report the failure of any of the businesses and projects funded with the proceeds from the Notes to meet the Issuer's Sustainable Development Financing Framework (see further "*Description of DP World – Sustainable Development Financing Framework*") will not constitute an Event of Default with respect to the relevant Notes and may affect the value and/or the trading price of the Notes and/or have adverse consequences for certain investors with portfolio mandates to invest in ESG assets.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of such Notes and, in particular, with any of the businesses and projects funded with the proceeds from the Notes to fulfil any ESG and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Dealers, the Trustee, the Agents or any other person to buy, sell or hold the Notes. Any such opinion or certification is only current as at the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in the Notes. As far as the Issuer is aware, as at the date of this Base Prospectus, the providers of such opinions and certifications are not currently subject to any specific regulatory or other regime or oversight.

If any Notes are at any time listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Dealers, the Trustee, the Agents or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any of the businesses and projects funded with the proceeds from such Notes. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Dealers, the Trustee, the Agents or any other person that any such listing or admission to trading will be obtained in respect of the Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

If the use of the proceeds of the Notes is a factor in an investor's decision to invest in the Notes, they should consider the disclosure in "*Use of Proceeds*" in the applicable Final Terms (or Pricing Supplement, as applicable) prepared for each relevant Tranche and consult with their legal or other advisers before making an investment in the Notes.

## Risks Related to Enforcement

***Investors may experience some difficulty in enforcing arbitration awards and foreign judgments against the Issuer***

*Issuer substantially based in the DIFC and UAE*

If the Issuer fails to make payments to investors in the manner contemplated under the Notes, it may be necessary for investors to bring an action against the Issuer to enforce the Issuer's obligations and/or to claim damages, as appropriate. Such action may be costly and time consuming. The Issuer is incorporated in, and under the laws of, the DIFC; its headquarters are located in Dubai and a substantial portion of the assets of the Issuer are located in the UAE and a number of other jurisdictions outside the U.K. and the United States. As a result, prospective investors may have difficulty effecting service of process in the U.K. or the United States upon the Issuer in connection with any lawsuits related to the Notes, including actions arising under the laws of England and Wales or the federal securities laws of the United States.

*Governing law and dispute resolution provisions*

Each of the Dealer Agreement, the Trust Deed, the Agency Agreement, the Notes, the Receipts, the Coupons and the Talons (each as defined herein) are governed by English law (the "**English Law Documents**") and (subject to the exercise of an option to litigate given to the parties to the English Law Documents (other than the Issuer)) the parties to the English Law Documents have agreed to refer any dispute in relation to such documents to arbitration under the Arbitration Rules of the LCIA (the "**LCIA Rules**"). The seat of such arbitration shall be London, England. Pursuant to the option to litigate referred to above, the Issuer has agreed to submit to the jurisdiction of the courts of England in respect of any dispute arising out of or in connection with the English Law Documents, subject to the right of the Dealers, the Trustee, the Agents and the Noteholders, as the case may be, to elect to bring proceedings in any other court or courts of competent jurisdiction.

*Decree 57 Tribunal*

On 13 December 2009, the Ruler of Dubai passed a decree establishing a tribunal (the "**Tribunal**") to decide certain disputes relating to Dubai World and its direct and indirect subsidiaries (each a "**Dubai World Company**"), including the Issuer, and their respective creditors. The decree, titled Decree No. 57 of 2009 Establishing a Tribunal to decide the Disputes Related to the Settlement of the Financial Position of Dubai World and its Subsidiaries, as amended ("**Decree 57**"), established an insolvency protection and reorganisation framework for each Dubai World Company by applying the insolvency regime of the DIFC, with certain modifications, to each Dubai World Company. Decree 57 authorises the Tribunal to, *inter alia*, hear and decide any demand or claim submitted against any Dubai World Company and hear and decide any demand or claim submitted against any person related to the settlement of the financial obligations of any Dubai World Company. Decree 57 also provides that courts in Dubai, including the courts of the DIFC (the "**DIFC Courts**"), are not competent to decide on any demand, claim or other matter which is within the jurisdiction of the Tribunal by virtue of Decree 57. Accordingly, as long as Decree 57 remains in force, the Tribunal shall have jurisdiction with respect to "*any demand, claim or other matter*" regarding the Issuer.

There has been at least one case before the DIFC Courts where, on the application for enforcement of an arbitral award against a company which was the subject of a special tribunal (which was similar to the Tribunal), the DIFC Courts concluded that they did not have jurisdiction to enforce such an award on the basis that the company was subject to the jurisdiction of the special tribunal. It is therefore likely that the DIFC Courts will not enforce an arbitral award or a foreign court judgment against the Issuer relating to the Notes. The Tribunal issued a practice direction on 30 March 2010 stating that it will be the policy of the Tribunal to respect and enforce arbitration agreements made between a Dubai World Company and its creditors and that where disputes have already arisen, the Tribunal expects the parties to continue with pending arbitration proceedings in accordance with their contractual obligations. However, it is unclear how the Tribunal would treat a judgment of a foreign court or an arbitral award relating to the Notes.

Article 4 of Decree 57 sets out the general framework in which the Tribunal operates and states that the Tribunal shall decide claims submitted to it pursuant to, *inter alia*, DIFC Court Law No. 10 of 2004 (as amended) (the "**DIFC Court Law**"). Article 30 of the DIFC Court Law directs the DIFC Courts, when exercising their powers and functions, to apply Dubai Law No. 12 of 2004 (as amended) (the "**Judicial**

**Authority Law**"), DIFC law or any legislation made under it, the rules of the DIFC Courts and any law agreed by the parties. Therefore, in the event that the Tribunal accepts jurisdiction over a claim, it should seek to apply the governing law chosen by the parties in determining disputes in accordance with the Judicial Authority Law, DIFC Law No. 10 of 2005 (as amended) (the "**Application Law**") and DIFC Law No. 3 of 2004 (as amended), except in certain circumstances described in such laws (including in case of any regulatory content or a conflict with public morals and public policy in the UAE).

If the Tribunal were to cease to exist in the future, the DIFC Courts should be able to enforce a foreign judgment or arbitral award obtained in actions against the Issuer (as set out in the paragraphs below).

*Enforcement in the DIFC courts*

Pursuant to Article 13 of the Application Law, the parties' express submission to both arbitration and to the jurisdiction of the English courts should be effective, except in certain circumstances described in applicable laws.

In addition, Article 24 of the DIFC Court Law provides that, pursuant to Article 7(4) of the Judicial Authority Law (which has been replaced by an amended Article 7 in Dubai Law No. 16 of 2011), the DIFC Court of First Instance has jurisdiction to ratify any judgment, order or award of any recognised: (i) foreign court; (ii) Dubai or UAE court; (iii) DIFC or foreign (including the UAE) arbitral award or any award recognised by the DIFC Court Law; or (iv) orders for the purposes of any subsequent application for enforcement in the courts of Dubai. Article 42(1) of the DIFC Court Law provides that judgments, orders or awards issued or ratified by the DIFC Courts may be enforced within the DIFC in the manner prescribed in the rules of the DIFC Courts (the "**DIFC Rules of Court**").

The DIFC Rules of Court provide that foreign judgments for the payment of money may be enforced (providing the necessary procedural requirements are satisfied) by certain prescribed methods. There is no clear guidance on what is a "recognised foreign court". In theory, therefore, an English judgment could be enforced within the DIFC against the contract counterparty. However, precedent is limited and it remains to be seen in practice whether any additional hurdles will need to be satisfied before the DIFC Court will ratify and enforce a foreign judgment or arbitral award. The DIFC Court Law provides that, once an arbitral award has been recognised by the DIFC Courts, it will be enforceable within the DIFC pursuant to Article 42(1). However, an arbitral award may not be recognised and enforced by the DIFC Courts in all circumstances.

Article 24(2) of the DIFC Court Law provides that where the UAE has entered into an applicable treaty for mutual enforcement of judgments, orders or awards, the DIFC Court of First Instance will comply with the terms of such a treaty. Similarly, Article 42(1) of DIFC Law No. 1 of 2008, as amended (the "**DIFC Arbitration Law**") provides that an arbitral award, irrespective of the state or jurisdiction in which it was made, shall be recognised as binding within the DIFC. Article 42 also repeats the provisions of Article 24(2) of the DIFC Court Law, and provides that where the UAE has entered into an applicable treaty for the mutual enforcement of judgments, orders or awards, the DIFC Court will comply with the terms of such a treaty.

Although the UAE has not yet entered into such a bilateral enforcement treaty with England, on 23 January 2013, the Chief Justice of the DIFC Courts and the Judge in Charge of the U.K. Commercial Court of the Queen's Bench Division, England and Wales (the "**Commercial Court**") entered into a Memorandum of Guidance (the "**Memorandum of Guidance**") setting out their understanding of the procedures for the enforcement of money judgments in the Commercial Court and *vice versa*. The Memorandum of Guidance is expressed to have no binding legal effect and does not constitute a bilateral enforcement treaty or legislation (and therefore is not binding on the judges of either party and does not supersede any existing laws, judicial decisions or court rules) but it may provide useful insight into the position that is likely to be adopted by the DIFC Courts when enforcing monetary judgments issued by the Commercial Court. The Memorandum of Guidance includes a non-exhaustive list of grounds upon which the enforcement of the foreign judgment may be challenged in the DIFC Courts. It remains to be seen how the Memorandum of Guidance will be applied in practice by the DIFC Courts, although there is at least one case where an English judgment was enforced by the DIFC Courts. The UAE has not yet entered into a similar memorandum or any bilateral enforcement treaty with the United States.

Moreover, the UAE is a signatory to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**") and the DIFC Court of First Instance should therefore recognise a foreign arbitral award if it complies with the requirements of the New York Convention and the DIFC Arbitration Law. Under the DIFC Arbitration Law, the recognition of an arbitral award, irrespective of the state or jurisdiction in which it was made, may be refused by the DIFC Courts only on the grounds set out in Article 44(1)(a) and Article 44(1)(b) of the DIFC Arbitration Law, which include, *inter alia,* the subject matter of the dispute not being capable of settlement by arbitration under the laws of the DIFC or the enforcement of the award being contrary to the public policy of the UAE.

Further, some remedies available under the laws of England and Wales and the laws of U.S. jurisdictions (including some remedies available under the U.S. federal securities laws) may not be upheld in the DIFC Courts on the basis that such remedies may amount to a penalty.

***The Company's waiver of immunity may not be effective under the laws of the DIFC***

Dubai Law No. 10 of 2005 (as amended) states that "*no debt or obligation owing from the Ruler or the Government may be recovered by seizing, attachment, selling by public auction or taking possession in any legal action of the Ruler's or the Government's properties and assets whether or not a final judgment is issued in respect of such debt or obligation*". In addition, Article 106 of Cabinet Resolution 57 of 2018 states that "*without prejudice to the provisions of any other Statute, the following may not be subject to attachment: the public property of the State or any Emirate thereof as well as endowment property…*". Since the Company is indirectly majority-owned by the Government of Dubai, it may be able to claim sovereign immunity.

Decree 57 is, however, silent on the issue of immunity although, as stated above, Article 4 of Decree 57 provides that the Tribunal shall have reference to the laws of Dubai, which include Dubai Law No. 10 of 2005 (as amended) and Cabinet Resolution 57 of 2018. However, Article 3 of Decree 57, and the DIFC Rules of Court, grant the Tribunal power to make interim orders, such as freezing and detaining the assets of the Company. This would appear to directly conflict with the immunity from attachment. As a result, although the Issuer has irrevocably waived its right in relation to sovereign immunity, there can be no assurance as to whether such waivers of immunity from execution, attachment or other legal process by it under the English Law Documents are legal, valid, binding and enforceable under the laws of the DIFC. Further, there can be no assurance as to whether such waivers of immunity, if valid and binding, could or could not be revoked by the Company.

**Risks Related to the Market Generally**

***A secondary market may not develop for any Notes***

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

- the method of calculating the principal and interest in respect of the Notes;
- the time remaining to the maturity of the Notes;
- the outstanding amount of the Notes;
- the redemption features of the Notes; and
- the level, direction and volatility of market interest rates generally.

Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, 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 material and adverse effect on the market value of Notes.

***The Notes may be subject to exchange rate risk and exchange controls***

The Issuer will pay principal and interest on 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 which could adversely affect an applicable exchange rate. The Issuer does not have any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile and volatility between such currencies or with other currencies may be expected in the future. However, fluctuations between currencies in the past are not necessarily indicative of fluctuations that may occur in the future. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (i) the Investor's Currency-equivalent yield on the Notes; (ii) the Investor's Currency-equivalent value of the principal payable on the Notes; and (iii) the Investor's Currency equivalent market value of the Notes.

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

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

As at the date of this Base Prospectus, the Company has been assigned a rating of Baa1 (stable outlook) by Moody's and BBB+ (stable outlook) by Fitch. Each of Fitch and Moody's is established in the EU and is registered under the CRA Regulation. One or more independent credit rating agencies may also assign credit ratings to the Notes. Any ratings of either the Company or the Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this Base Prospectus and other factors that may affect the value of the Notes. Nevertheless, real or anticipated changes in the Company's credit ratings or the ratings of the Notes generally will affect the market value of the Notes. Any adverse change in the applicable credit rating could adversely affect the trading price of the Notes.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by a EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency being included in such list as there may be delays between certain supervisory measures being taken against a relevant rating agency and publication of an updated ESMA list. Limited information with respect to ratings will be disclosed in the applicable Final Terms (or Pricing Supplement, as applicable). A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

## OVERVIEW OF THE GROUP

*This overview should be read as an introduction to, and is qualified in its entirety by reference to, the more extensive information contained elsewhere in this Base Prospectus. This overview does not contain all of the information that prospective investors should consider before deciding to invest in the Notes and any such decision should be based on a consideration of this Base Prospectus as a whole. Prospective investors should read this entire Base Prospectus carefully, including the financial statements and related notes and the information set forth under the headings "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements".*

### Overview of the Group

The Group is a leading enabler of global trade and an integral part of the supply chain. The Group operates multiple yet related businesses spanning marine and inland terminals, maritime services, logistics and ancillary services and technology-driven trade solutions. The Group organises its business into three divisions: (i) port and terminals; (ii) parks, logistics and economic zones ("**PLEZ**"); and (iii) maritime services.

The ports and terminals division aims to meet the needs of dynamic global supply chains, as the Group develops and operates trade-enabling, strategically located, and state of the art infrastructure and services, including marine terminals, inland terminals, and cruise terminals. The ports and terminals division is the Group's largest division and represented approximately 76.1 per cent. of the Group's revenues for the year ended 31 December 2018.

The PLEZ division aims to provide end-to-end customer experience, by delivering integrated solutions across the containerised value chain, including industrial parks and economic zones as well as logistics services. The PLEZ division represented approximately 12.9 per cent. of the Group's revenues for the year ended 31 December 2018.

The maritime services division aims to complement the Group's global trade services, by providing maritime solutions through a wide portfolio of specialist vessels, river barging, chartering and port services. The maritime services division represented approximately 11.1 per cent. of the Group's revenues for the year ended 31 December 2018.

As at 31 December 2018, the Group managed over 150 operations in over 45 countries across six continents with a significant presence in both high-growth and mature markets. The Group aims to be essential to the future of global trade, ensuring everything it does has a long-lasting positive impact on economies and societies. As at 31 December 2018, the Group's portfolio had a gross capacity of 90.5 million TEU and, for the year ended 31 December 2018, the Group generated gross throughput of 71.4 million TEU, revenue of U.S.$5,646.3 million, profit for the year of U.S.$1,357.6 million and an Adjusted EBITDA of U.S.$2,808.0 million.

### Recent Developments

On 20 February 2019, the Group announced the acquisition of 100 per cent. ownership in the holding company of P&O Ferries and P&O Ferrymasters (together "**P&O Ferries**") for a purchase consideration of U.S.$409 million. P&O Ferries is a pan-European integrated logistics business consisting of: (i) a market leading roll-on roll-off ferries operation; and (ii) a European transportation and logistics solutions provider, P&O Ferrymasters. The transaction was completed in July 2019 and the related acquisition accounting is in the process of being completed.

On 9 May 2019, the Group announced the acquisition of Fraser Surrey Docks from Macquarie Infrastructure Partners ("**MIP**"). Fraser Surrey Docs is a large, multi-purpose marine terminal located in the greater Vancouver area of British Columbia, Canada. The acquisition will be affected through DP World's Canadian subsidiary, DP World Canada Investment Inc., 45 per cent. of which is owned by Caisse de dépot et placement du Québec ("**CDPQ**"). The acquisition is subject to customary completion conditions and is expected to close before the end of 2019.

On 23 May 2019, Hindustan Infralog Private Limited, a joint venture between the Group and the National Investment and Infrastructure Fund, announced the acquisition of a 76 per cent. stake in KRIBHCO Infrastructure Limited ("**KRIL**"). KRIL operates three major inland container depots/private freight terminals at Pali in Haryana (India), Modinagar in Uttar Pradesh (India) and Hazira in Gujarat (India).

KRIL also has a strong presence in India's National Capital Region, including a terminal located on a notified double stack route. The transaction is subject to customary completion conditions and is expected to close in the second half of 2019.

In July 2019, the Group announced the acquisition of 100 per cent. of Topaz Energy and Marine Limited ("**Topaz**") from Renaissance Services SAOG and Standard Chartered Private Equity/Affirma Capital for an enterprise value of U.S.$1,079 million. Topaz is a leading international provider of critical marine logistics and solutions to the global energy industry. It operates a modern and versatile fleet of 117 vessels, predominantly in the Caspian Sea, MENA and West Africa regions. The transaction is subject to customary completion conditions and regulatory approvals and is expected to close in the second half of 2019.

Additionally, in July 2019, the Company issued U.S.$300,000,000 5.625 per cent. Notes due September 2048 (to be consolidated and form a single series with the Original 2048 Notes (as defined below)) under the Programme. Also, in July 2019, the Group issued U.S.$1,000,000,000 Trust Certificates due July 2029 under the Sukuk Programme (as defined below), where holders are entitled to periodic distributions in the amount of 3.875 per cent. of the aggregate face amount of the trust certificates.

**Risk Factors**

An investment in the Notes involves significant risks, including: (i) risks related to the Group such as risks associated with declining global trading volumes, the Group's controlling shareholders having interest which may conflict with the interests of Noteholders, winning new concessions, the expansion of terminals and port facilities, the high level of competition that the Group faces in the container terminal industry for concessions and throughput and the Group's reliance on joint ventures; (ii) risks related to the regions in which the Group operates, such as risks relating to the political and economic conditions in the UAE and in the other countries in which the Group operates, as well as risks associated with anti-trust and competition laws; (iii) risks related to the Notes, such as risks related to structural subordination of the Notes; and (iv) risks related to the enforceability of the Notes against the Issuer.

Investors should review these risks carefully prior to making any decision regarding an investment in the Notes. See "*Risk Factors*" for a further description of certain material risks.

## OVERVIEW OF THE PROGRAMME

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

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

| | |
|---|---|
| **Issuer** .................................... | DP World PLC, a public company incorporated in the DIFC with Registration Number 0226 issued on 9 August 2006. The address of the Issuer's registered office is P.O. Box 17000, Dubai, UAE. The Issuer's telephone number is +971 4 881 1110.<br><br>DP World PLC is majority owned by PFZW, which in turn is wholly-owned and controlled by Dubai World. |
| **Description** ........................... | Global Medium Term Note Programme. |
| **Size** ....................................... | Up to U.S.$10,000,000,000 (or its equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement. |
| **Risk Factors** ......................... | There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These include certain risks related to the structure of a particular Series of Notes and certain market risks (see further "*Risk Factors*"). |
| **Arrangers** ............................ | Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Emirates NBD Bank PJSC, First Abu Dhabi Bank PJSC, HSBC Bank plc and Société Générale. |
| **Dealers** ................................. | Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Emirates NBD Bank PJSC, First Abu Dhabi Bank PJSC, HSBC Bank plc, Société Générale and Standard Chartered Bank.<br><br>The Issuer may from time to time terminate the appointment of any arranger and/or dealer under the Programme or appoint additional arrangers and/or dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to "**Permanent Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches. |
| **Trustee** ................................. | Deutsche Trustee Company Limited. |
| **Issuing and Paying Agent, Paying Agent, Exchange Agent and Calculation Agent** .................................. | Deutsche Bank AG, London Branch. |

| | |
|---|---|
| **Euro Registrar, Transfer Agent and Paying Agent (in respect of Unrestricted Notes)**.................................... | Deutsche Bank Luxembourg S.A. |
| **U.S. Registrar, Transfer Agent and Paying Agent (in respect of Restricted Notes)** | Deutsche Bank Trust Company Americas. |
| **Method of Issue**.................... | The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the "**Final Terms**") or, in the case of Non-PR Notes, the applicable pricing supplement (the "**Pricing Supplement**"). |
| **Issue Price** ............................ | Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. |
| **Form of Notes** ...................... | The Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**").<br><br>Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if: (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date; or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "*Overview of the Programme – Selling Restrictions*"), otherwise such Tranche will be represented by a permanent Global Note.<br><br>Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for a common depositary for one or more clearing systems are referred to as "**Global Certificates**". Registered Notes sold in an "offshore transaction" within the meaning of Regulation S will initially be represented by an Unrestricted Global Certificate (an "**Unrestricted Global Certificate**").<br><br>Registered Notes sold in the United States to QIBs will initially be represented by a Restricted Global Certificate (a "**Restricted Global Certificate**"). Registered Notes will not be exchangeable for Bearer Notes and *vice versa.*<br><br>See further "*Terms and Conditions of the Notes*" and "*Summary of Provisions relating to the Notes while in Global Form*". |
| **Clearing Systems** ................. | Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") for Bearer Notes, the Depository Trust Company ("**DTC**"), Euroclear and Clearstream, Luxembourg for Registered Notes and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the relevant Dealer(s), the Issuing and Paying Agent and the Trustee. |

| | |
|---|---|
| **Initial Delivery of Notes** ...... | On or before the issue date for each Tranche, the global notes representing Bearer Notes (the "**Global Notes**") or the Global Certificates may be deposited with a common depositary for DTC, Euroclear and/or Clearstream, Luxembourg (as applicable). Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the relevant Dealer(s) and the Trustee. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems. |
| **Currencies**........................... | Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer(s). |
| **Maturities**............................ | The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer(s), subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency (as specified in the applicable Final Terms (or Pricing Supplement, as applicable)). |
| **Specified Denomination** ...... | The Notes will be in such denominations as may be specified in the applicable Final Terms (or Pricing Supplement, as applicable), subject to compliance with then current laws and regulations and the provisions of the following sentence. Notes will have a minimum denomination of €100,000 (or its equivalent in other currencies as at the date of issue), and: (i) in case of any Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA, the minimum specified denomination shall be £100,000 (or its equivalent in other currencies), unless otherwise permitted by then current law and regulations; and (ii) in the case of any Notes to be sold in the United States to QIBs, the minimum specified denomination shall be U.S.$200,000 (or its equivalent in other currencies). |
| **Fixed Rate Notes**................. | Fixed interest will be payable in arrear on the date or dates in each year specified in the applicable Final Terms (or Pricing Supplement, as applicable). |
| **Floating Rate Notes** ............ | Floating Rate Notes will bear interest determined separately for each Series as follows:<br><br>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or<br><br>(ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR as may be specified in the applicable Final Terms (or Pricing Supplement, as applicable), in each case, as adjusted for any applicable margin.<br><br>Interest periods will be specified in the applicable Final Terms (or Pricing Supplement, as applicable). Investors should be aware that, if LIBOR (or any other benchmark) were discontinued or otherwise unavailable, the amounts payable in respect of Floating Rate Notes which reference LIBOR (or such other benchmark) will be determined |

| | |
|---|---|
| | for the relevant period by the fallback provisions applicable to such Notes. |
| **Zero Coupon Notes**............. | Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest. |
| **Interest Periods and Interest Rates**....................... | The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the applicable Final Terms (or Pricing Supplement, as applicable). |
| **Redemption**.......................... | Subject to any purchase and cancellation or early redemption or redemption by instalments, the Notes will be redeemed on the Maturity Date (as specified in the applicable Final Terms (or Pricing Supplement, as applicable)) at 100 per cent. of their nominal amount. |
| **Redemption by Instalments** | The Final Terms (or Pricing Supplement, as applicable) issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed. |
| **Other Notes**.......................... | Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes and any other type of Note that the Issuer and the relevant Dealers may agree to issue under the Programme will be set out in a supplementary prospectus (if applicable). |
| **Optional Redemption**.......... | The Final Terms (or Pricing Supplement, as applicable) issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption. |
| **Make Whole Redemption** ... | The Final Terms (or Pricing Supplement, as applicable) issued in respect of each issue of Notes will state whether such Notes may be subject to a make whole redemption prior to their stated maturity at the option of the Issuer (either in whole or in part), and if so the terms applicable to such redemption. |
| **Early Redemption** ............... | Except as provided in "*Overview of the Programme – Optional Redemption*", Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons (see Condition 6 (*Redemption, Purchase and Options*)). |
| **Change of Control**............... | If so specified in the applicable Final Terms (or Pricing Supplement, as applicable), each holder will have the right to require the redemption of its Notes if a Change of Control Event occurs (see Condition 6 (*Redemption, Purchase and Options*)). |
| **Status of the Notes**............... | Subject as described in Condition 4 (*Negative Pledge*), the Notes constitute the direct, unconditional and unsecured obligations of the Issuer and rank at all times *pari passu,* without any preference, among themselves and, subject as aforesaid, and save for such exceptions as may be provided by applicable legislation, the payment obligations of the Issuer shall rank at least equally with all other unsecured and unsubordinated indebtedness and any other monetary obligations of the Issuer, present and future. |

| | |
|---|---|
| **Negative Pledge**.................... | The Notes will have the benefit of a negative pledge as described in Condition 4 (*Negative Pledge*). |
| **Cross-acceleration**.............. | The Notes will have the benefit of a cross-acceleration provision as described in Condition 10 (*Events of Default*). |
| **Events of Default**................. | The Notes will be subject to certain events of default as described in Condition 10 (*Events of Default*). |
| **Ratings**.................................. | Tranches of Notes to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, the relevant rating(s) (and the credit rating agency issuing such rating(s)) will be specified in the applicable Final Terms (or Pricing Supplement, as applicable).<br><br>*A securities rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, change or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating.* |
| **Withholding Tax**.................. | All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of a relevant Tax Jurisdiction (as defined in Condition 6(c) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*)) or any political subdivision or any authority therein or thereof having the power to tax unless the withholding or deduction is required by law. In that event, the Issuer shall, subject to certain exceptions, pay such additional amounts as shall result in receipt by the Noteholders of the amount that would have been received by them had no such withholding or deduction been required (see Condition 8 (*Taxation*)). |
| **ERISA**................................... | Notes (or any interest therein) may generally be purchased with the assets of (i) "employee benefit plans" within the meaning of Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), that are subject to Title I of ERISA, (ii) "plans" within the meaning of Section 4975(e)(1) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), that are subject to Section 4975 of the Code and (iii) governmental, certain church, non-U.S. and other plans that are subject to a U.S. federal, state, local, non-U.S. or other law or regulation that contains one or more provisions that are substantially similar to the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code, unless the terms of the Notes provide otherwise (see further "*Certain ERISA and Related Considerations*"). |
| **Governing Law**.................... | English law. |
| **Listing and Admission to Trading**................................ | Application has been made to list the Notes issued under the Programme (other than Non-PR Notes) for a period of 12 months from the date of this Base Prospectus on the Official List and to admit them to trading on the Regulated Market and references to listing shall be construed accordingly.<br><br>Application has also been made to the DFSA for the Notes issued under the Programme to be admitted to the DFSA Official List and to Nasdaq Dubai for such Notes to be admitted to trading on Nasdaq Dubai.<br><br>As specified in the applicable Pricing Supplement, a Series of Notes may be unlisted or be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer and the relevant Dealer (the "**Non-PR Notes**"). |

| | |
|---|---|
| | *The FCA has neither approved nor reviewed information contained in this Base Prospectus in connection with Non-PR Notes.* |
| **Waiver of Immunity**........... | The Issuer has irrevocably agreed that, should any Proceedings (as defined in Condition 18(c) (*Governing Law and Jurisdiction – Jurisdiction*)) be taken anywhere (whether for any injunction, specific performance, damages or otherwise), no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) in relation to those Proceedings (including without limitation, immunity from the jurisdiction of any court or tribunal, suit, service of process, injunctive or other interim relief, any order for specific performance, any order for recovery of land, any attachment (whether in aid of execution, before judgment or otherwise) of its assets, any process for execution of any award or judgment or other legal process) shall be claimed by it or on its behalf or with respect to its assets, any such immunity being irrevocably waived. The Issuer has irrevocably agreed that it and its assets (irrespective of its use or intended use) are, and shall be, subject to such Proceedings, attachment or execution in respect of its obligations under the Notes or the Trust Deed. Notwithstanding the foregoing, the Issuer makes no representation as to whether Dubai Law No. 10 of 2005 (*Government Lawsuits Amendment*) and/or Article 106 of Cabinet Resolution 57 of 2018 will apply to its assets, revenue or property. |
| **Selling Restrictions**............. | There are restrictions on the offer, sale and transfer of the Notes in the DIFC, the EEA, Japan, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, Malaysia, the Republic of Italy, Singapore, State of Qatar (including the Qatar Financial Centre), the UAE, the United Kingdom, and the United States. Additional restrictions may be required in connection with the offering and sale of a particular Tranche of Notes (see further "*Subscription and Sale and Transfer and Selling Restrictions – Selling Restrictions*").<br><br>The Bearer Notes will be issued in compliance with U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D) (or any substantially identical successor U.S. Treasury Regulations section including, without limitation, substantially identical successor regulations issued in accordance with 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 applicable Final Terms (or Pricing Supplement, as applicable) states that Notes are issued in compliance with U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(C) (or any substantially identical successor U.S. Treasury Regulations section including, without limitation, substantially identical successor regulations issued in accordance with 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 Bearer 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 and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the applicable Final Terms (or Pricing Supplement, as applicable) as a transaction to which TEFRA is not applicable. |
| **Transfer Restrictions** .......... | There are restrictions on the transfer of Notes represented by a Restricted Global Certificate or any Notes issued in registered form in exchange or substitution therefor. |

| | |
|---|---|
| | See "*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*". |
| **Use of Proceeds**.................... | The Issuer will apply the net proceeds from the issue of each Tranche of Notes for general corporate purposes, including the refinancing of any indebtedness, or as otherwise described in the applicable Final Terms (or Pricing Supplement, as applicable) (see further "*Use of Proceeds*"). |

## 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:

(i) the "*Terms and Conditions of the Notes*" contained on pages 34 to 55 (inclusive) in the base prospectus dated 27 June 2007 prepared by the Issuer in connection with the Programme (an electronic copy of which is available at https://www.dpworld.com/investors);

(ii) the "*Terms and Conditions of the Notes*" contained on pages 62 to 85 (inclusive) in the base prospectus dated 4 November 2010 prepared by the Issuer in connection with the Programme (an electronic copy of which is available at https://www.dpworld.com/investors);

(iii) the "*Terms and Conditions of the Notes*" contained on pages 61 to 88 (inclusive) in the base prospectus dated 13 April 2015 prepared by the Issuer in connection with the Programme (an electronic copy of which is available at http://tools.morningstar.co.uk/tsweu6nqxu/globaldocuments/document/documentHandler.ashx?DocumentId=87628481);

(iv) the "*Terms and Conditions of the Notes*" contained on pages 59 to 86 (inclusive) in the base prospectus dated 9 May 2016 prepared by the Issuer in connection with the Programme (an electronic copy of which is available at http://tools.morningstar.co.uk/tsweu6nqxu/globaldocuments/document/documentHandler.ashx?DocumentId=110901416); and

(v) the "*Terms and Conditions of the Notes*" contained on pages 63 to 89 (inclusive) in the base prospectus dated 5 September 2018 prepared by the Issuer in connection with the Programme (an electronic copy of which is available at http://tools.morningstar.co.uk/tsweu6nqxu/globaldocuments/document/documentHandler.ashx?DocumentId=186099903).

Copies of the documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Issuing and Paying Agent for the time being in London, upon reasonable notice being given to the Issuer and the Issuing and Paying Agent (as applicable) and during usual business hours.

Any parts of the documents referred to in paragraphs (i) to (v) (inclusive) above which are not expressly incorporated by reference in this Base Prospectus as provided above are either not relevant for investors or are covered elsewhere in this Base Prospectus.

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

Unless specifically incorporated by reference into this Base Prospectus, information contained on any website referred to in this Base Prospectus does not form part of this Base Prospectus.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by: (a) the FCA in accordance with Article 23 of the Prospectus Regulation and relevant implementing measures in the U.K.; and (b) the DFSA in accordance with the Markets Rules of the DFSA. 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.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### Initial Issue of Notes

Global Notes and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg (the "**Common Depositary**").

Upon the initial deposit of a Global Note with the Common Depositary or registration of Registered Notes in the name of any nominee of a Common Depositary and delivery of the relevant Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

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

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

### Relationship of Accountholders with Clearing Systems

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

### Exchange

#### *Temporary Global Notes*

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

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

(ii) in whole or in part and upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement, for interests in a permanent Global Note of the same Series (exchangeable for Definitive Notes in the circumstances set out in "*Summary of Provisions Relating to the Notes while in Global Form Exchange – Exchange – Permanent Global Notes*"),

in each case, in accordance with the applicable Final Terms (or Pricing Supplement, as applicable).

The option for temporary Global Notes to be exchangeable for Definitive Notes by giving notice should not be expressed to be applicable under paragraph 23 (*Form of Notes*) in Part A of the applicable Final Terms (or Pricing Supplement, as applicable) if the relevant Notes have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount.

Furthermore, Notes should not be issued which have such denominations if such Notes are to be represented on issue by a temporary Global Note exchangeable for Definitive Notes.

***Permanent Global Notes***

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

(i) on the expiry of such period of notice as may be specified in the applicable Final Terms (or Pricing Supplement, as applicable); or

(ii) upon the occurrence of an Exchange Event,

in each case, in accordance with the applicable Final Terms (or Pricing Supplement, as applicable).

For these purposes, "**Exchange Event**" means: (a) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System, that any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or (b) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by Definitive Notes.

The option for permanent Global Notes to be exchangeable for Definitive Notes by giving notice should not be expressed to be applicable under paragraph 22 (*Form of Notes*) in Part A of the applicable Final Terms (or Pricing Supplement, as applicable) if the relevant Notes have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount. Furthermore, Notes should not be issued which have such denominations if such Notes are to be represented on issue by a permanent Global Note exchangeable for Definitive Notes.

**Global Certificates**

***Unrestricted Global Certificates***

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

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) (*No Exchange of Notes and Transfers of Registered Notes – Transfer of Registered Notes*) may only be made in whole but not in part:

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

(ii) if principal in respect of any Notes is not paid when due; or

(iii) with the consent of the Issuer,

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

***Restricted Global Certificates***

If the applicable Final Terms (or Pricing Supplement, as applicable) state that the Registered Notes are to be represented by a Restricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in DTC. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of DTC, but will limit the circumstances in which the Notes may be withdrawn from DTC. Transfers of the holding of Notes represented by that Restricted Global Certificate pursuant to Condition 2(b) (*No Exchange of Notes and Transfers of Registered Notes – Transfer of Registered Notes*) may only be made:

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

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

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

***Partial exchange of Permanent Global Notes***

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if principal in respect of any Notes is not paid when due.

***Delivery of Notes***

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

In this Base Prospectus, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

***Exchange Date***

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

***Amendment to Conditions***

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Base Prospectus. The following is a summary of certain of those provisions:

***Payments***

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes.

For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 7(h) (*Payments and Talons – Non-Business Days*).

***Payment Record Date***

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

***Prescription***

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

***Meetings***

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

***Cancellation***

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note or its presentation to or to the order of the Issuing and Paying Agent for endorsement in the relevant schedule of such permanent Global Note or in the case of a Global Certificate, by reduction in the aggregate principal amount of the Global Certificates in the register of the certificate holders, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

***Purchase***

Notes represented by a permanent Global Note may only be purchased by the Issuer or any Subsidiary (as defined in the Trust Deed) if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

***Issuer's option***

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

***Noteholders' options***

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

***Trustee's powers***

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

***Notices***

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

## FORM OF APPLICABLE FINAL TERMS

**[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 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 Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97, 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 (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.]

[**MiFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET –** 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**")]/[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.]

[**SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION** – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that 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).]

**Final Terms dated [ ]**

**DP World PLC**
**Legal Entity Identifier (LEI): 549300M3U2DNF4QVSS04**

**Issue of [Title of Notes]**

**under the U.S.$10,000,000,000**
**Global Medium Term Note Programme**

## PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the "*Terms and Conditions of the Notes*" (the "**Conditions**") set forth in the base prospectus dated 2 September 2019 (the "**Base Prospectus**") [and the supplement(s) to it dated [ ]]. This document constitutes the Final Terms of the Notes described herein for the purposes of the Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and must be read in conjunction with such Base Prospectus [as so supplemented] in order to obtain all relevant information. The Base Prospectus [and the supplement(s) to it dated [ ]] and the Final Terms are available for viewing at the market news section of the London Stock Exchange website (http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html) and on the Dubai Financial Service Authority's website (https://www.dfsa.ae/DFSA-Listing-Authority/Approved-Documents) and, upon reasonable notice being given and during usual business hours, at the registered office of the Issuer at P.O. Box 17000, Dubai, United Arab Emirates and at the registered office of the Issuing and Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.]

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

Terms used herein shall be deemed to be defined as such for the purposes of the "*Terms and Conditions of the Notes*" (the "**Conditions**") contained in the Trust Deed dated [ ] and set forth in the base prospectus dated [ ] [and the supplement(s) to it dated [ ]] which are incorporated by reference into the base prospectus dated 2 September 2019 (the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and must be read in conjunction with the Base Prospectus dated 2 September 2019 [and the supplement(s) to it dated [ ]] in order to obtain all relevant information, which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation, save in respect of the Conditions. The Base Prospectus[, the supplement(s) to it] and the Final Terms are available for viewing at the market news section of the London Stock Exchange website (http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html) and on the Dubai Financial Service Authority's website (https://www.dfsa.ae/DFSA-Listing-Authority/Approved-Documents) and, upon reasonable notice being given and during usual business hours, at the registered office of the Issuer at P.O. Box 17000, Dubai, United Arab Emirates and at the registered office of the Issuing and Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.]

| | | | |
|---|---|---|---|
| 1. | Issuer: | | DP World PLC |
| 2. | (i) | Series Number: | [ ] |
| | [(ii) | Tranche Number: | [ ]] |
| | [(iii) | Date on which the Notes become fungible: | [ ]] |
| 3. | Specified Currency or Currencies: | | [ ] |
| 4. | Aggregate Nominal Amount of Notes: | | |
| | (i) | Series: | [ ] |
| | [(ii) | Tranche: | [ ]] |
| 5. | Issue Price: | | [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ ]] |
| 6. | (i) | Specified Denominations: | [ ] [and integral multiples of [ ] in excess thereof] |
| | (ii) | Calculation Amount: | [ ] |
| 7. | (i) | Issue Date: | [ ] |
| | (ii) | Interest Commencement Date: | [ ]/[Issue Date]/[Not Applicable] |
| 8. | Maturity Date: | | [ ] |
| 9. | Interest Basis: | | [[ ] per cent. Fixed Rate]<br>[[ ] +/- [ ] per cent. Floating Rate]<br>[Zero Coupon] |
| 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 Basis: | | [Applicable]/[Not Applicable] |
| 12. | Put/Call Options: | | [Call Option]<br>[Make Whole Call Option]<br>[Put Option]<br>[Change of Control Put Option] |

| | | | |
|---|---|---|---|
| 13. | (i) | Status of the Notes: | Senior |
| | (ii) | Date [board] approval for issuance of Notes obtained: | [ ] |

**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 [[annually]/[semi-annually]/[quarterly]/[monthly]/[ ]] in arrear on each Interest Payment Date |
| | (ii) | Interest Payment Date(s): | [ ] [and [ ]] in each year [up to and including the Maturity Date], commencing on [[the Issue Date]/[ ]] |
| | (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 (ISDA)<br>Actual/365 (Fixed)<br>Actual/365 (Sterling)<br>Actual/360<br>30/360<br>30E/360<br>30E/360 (ISDA)<br>Actual/Actual (ICMA)] |
| | (vi) | Determination Dates: | [[ ] in each year]/[Not Applicable] |
| 15. | Floating Rate Note Provisions: | | [Applicable]/[Not Applicable] |
| | (i) | Interest Period(s): | [ ][, subject to adjustment in accordance with the Business Day Convention set out in (iv) below]/[, not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable] |
| | (ii) | Specified Interest Payment Dates: | [ ] [and [ ]] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below]/[not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable] |
| | (iii) | Interest Period Date: | [ ], subject to adjustment in accordance with Condition 7(h) |
| | (iv) | Business Day Convention: | [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not Applicable] |
| | (v) | Business Centre(s): | [ ]/[Not Applicable] |

| | | |
|---|---|---|
| (vi) | Manner in which the Rate(s) of Interest and Interest Amount is/are to be determined: | [Screen Rate Determination]/[ISDA Determination] |
| (vii) | Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): | [ ] |
| (viii) | Screen Rate Determination: | |
| | (a) Reference Rate: | [EURIBOR/LIBOR/LIBID/LIMEAN]<br><br>[EURIBOR is provided by European Money Markets Institute. As at the date hereof, European Money Markets Institute appears in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of Regulation (EU) 2016/1011, as amended]<br><br>[LIBOR is provided by ICE Benchmark Administration Limited. As at the date hereof, ICE Benchmark Administration Limited appears in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of Regulation (EU) 2016/1011, as amended]<br><br>[[LIBID/LIMEAN] is provided by [*name of administrator*]. As at the date hereof, [*name of administrator*] [appears/does not appear] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of Regulation (EU) 2016/1011, as amended (the "**Benchmarks Regulation**").] / [As far as the Issuer is aware, as at the date hereof, [LIBID/LIMEAN] does not fall within the scope of the Benchmarks Regulation.] / [As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that [*name of administrator*] is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).] |
| | (b) Interest Determination Date(s): | [ ] |
| | (c) Relevant Screen Page: | [ ] |
| (ix) | ISDA Determination: | |
| | (a) Floating Rate Option: | [ ] |
| | (b) Designated Maturity: | [ ] |

| | | | |
|---|---|---|---|
| | | (c) Reset Date: | [ ] |
| | | (d) ISDA Definitions: | [2000] |
| | (x) | Linear Interpolation: | [Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]/[Not Applicable] |
| | (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: | [Actual/Actual (ISDA)<br>Actual/365 (Fixed)<br>Actual/365 (Sterling)<br>Actual/360<br>30/360<br>30E/360<br>30E/360 (ISDA)<br>Actual/Actual (ICMA)] |
| 16. | Zero Coupon Note Provisions: | | [Applicable]/[Not Applicable] |
| | (i) | Amortisation Yield: | [ ] per cent. per annum |
| | (ii) | Reference Price: | [ ] |
| | (iii) | Day Count Fraction in relation to Early Redemption Amounts and late payment: | [Actual/Actual (ISDA)<br>Actual/365 (Fixed)<br>Actual/365 (Sterling)<br>Actual/360<br>30/360<br>30E/360<br>30E/360 (ISDA)<br>Actual/Actual (ICMA)] |

**PROVISIONS RELATING TO REDEMPTION**

| | | | |
|---|---|---|---|
| 17. | Call Option: | | [Applicable]/[Not Applicable] |
| | (i) | Optional Redemption Date(s): | [ ] |
| | (ii) | Optional Redemption Amount: | [ ] per Calculation Amount |
| | (iii) | If redeemable in part: | [Applicable]/[Not Applicable] |
| | | (a) Minimum Redemption Amount: | [[ ] per Calculation Amount]/[Not Applicable] |
| | | (b) Maximum Redemption Amount: | [[ ] per Calculation Amount]/[Not Applicable] |

| | | | |
|---|---|---|---|
| | (iv) | Notice period (if other than as set out in the Conditions): | [ ]/[Not Applicable] |
| 18. | Make Whole Call Option: | | [Applicable]/[Not Applicable] |
| | (i) | Make Whole Call Date: | [ ] |
| | (ii) | Benchmark Security: | [United States Treasury security]/[ ] |
| | (iii) | Make Whole Redemption Rate: | [Rate per annum equal to the [semi-]annual equivalent yield to maturity of the applicable Comparable Security, assuming a price for such Comparable Security (expressed as a percentage of its principal amount) equal to the applicable Comparable Security Price for such redemption date]/[ ] |
| | (iv) | Make Whole Redemption Margin: | [ ] per cent. |
| | (v) | Reference Dealer(s): | [ ]/[Not Applicable] |
| | (vi) | Reference Quotation Time: | [ ] |
| | (vii) | If redeemable in part: | [Applicable]/[Not Applicable] |
| | (viii) | Notice period (if other than as set out in the Conditions): | [ ]/[Not Applicable] |
| 19. | Put Option: | | [Applicable]/[Not Applicable] |
| | (i) | Optional Redemption Date(s): | [ ] |
| | (ii) | Optional Redemption Amount: | [ ] per Calculation Amount |
| | (iii) | Notice period (if other than as set out in the Conditions): | [ ]/[Not Applicable] |
| 20. | Change of Control Put Option: | | [Applicable]/[Not Applicable] |
| | (i) | Change of Control Redemption Amount: | [ ] per Calculation Amount |
| 21. | Final Redemption Amount: | | [ ]/[Par] per Calculation Amount |
| 22. | Early Redemption Amount payable on redemption for taxation reasons or on event of default: | | [Final Redemption Amount]/[[ ] per Calculation Amount]/[Not Applicable] |

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

| | | |
|---|---|---|
| 23. | Form of Notes: | Bearer Notes: |
| | | [Temporary Global Note exchangeable on and after the Exchange Date for a permanent Global Note which is exchangeable for Definitive Notes [on [ ] days' notice]/[only upon an Exchange Event]] |

| | | |
|---|---|---|
| | | [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]<br><br>[Permanent Global Note exchangeable for Definitive Notes [on [ ] days' notice]/[only upon an Exchange Event]]<br><br>Registered Notes:<br><br>[Restricted Global Certificate [(U.S.$[ ] nominal amount)] registered in the name of a nominee for [[DTC]/[a common depositary for Euroclear and Clearstream, Luxembourg]]]<br><br>[Unrestricted Global Certificate [(U.S.$[ ] nominal amount)] registered in the name of a nominee for [[DTC]/[a common depositary for Euroclear and Clearstream, Luxembourg]]]<br><br>[Rule 144A][;] [Reg. S Compliance Category 2][;] [TEFRA C/TEFRA D/TEFRA not applicable] |
| 24. | Additional Financial Centre(s) or other special provisions relating to payment dates: | [ ]/[Not Applicable] |
| 25. | Details relating to Instalment Notes: | [Applicable]/[Not Applicable] |
| | (i) Instalment Amount(s): | [ ]/[Not Applicable] |
| | (ii) Instalment Date(s): | [ ]/[Not Applicable] |
| 26. | Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): | [Yes]/[No] |

**SIGNED** on behalf of DP World PLC:

By:........................................................................ By:..........................................................................
Duly authorised Duly authorised

## PART B – OTHER INFORMATION

1. **LISTING**

| | | |
|---|---|---|
| (i) | Listing and admission to trading: | Application [will be/has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market and to the official list of the FCA with effect from [the Issue Date/[ ]]<br><br>[Application [will be/has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on Nasdaq Dubai and to the official list of securities maintained by the Dubai Financial Services Authority with effect from [the Issue Date/[ ]]] |
| (ii) | Estimate of total expenses related to admission to trading: | [ ] |

2. **RATINGS**

| | |
|---|---|
| Ratings: | [The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:<br><br>[Standard & Poor's: [ ]]<br>[Moody's: [ ]]<br>[Fitch: [ ]]<br>[Other: [ ]] |

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business for which they may receive fees]/[Not Applicable]

4. **USE OF PROCEEDS**

[General corporate purposes]/[ ]

5. **YIELD (*Fixed Rate Notes only*)**

[ ] per cent. per annum [on a [quarterly]/[[semi-] annual] basis]. The indication of profit or return is calculated at the Issue Date on the basis of the Issue Price and may not be an indication of future profit or return

6. **OPERATION INFORMATION**

| | | |
|---|---|---|
| (i) | ISIN: | [ ] |
| (ii) | Common Code: | [ ] |
| (iii) | CUSIP: | [ ] |
| (iv) | CINS: | [ ] |
| (v) | Any other security identification code(s): | CFI: [See 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/Available]]<br><br>FISN: [See 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/Available]]<br><br>[ ] |
| (vi) | Any clearing system(s) other than DTC, Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): | [ ]/[Not Applicable] |
| (vii) | Delivery: | Delivery [against/free of] payment |
| (viii) | Names and addresses of additional Paying Agent(s) (if any): | [ ] |
| (ix) | Name and address of Registrar(s): | [ ] |

7. **DISTRIBUTION**

| | | |
|---|---|---|
| (i) | Method of distribution: | [Syndicated]/[Non-syndicated] |
| (ii) | If syndicated, names of Managers: | [ ]/[Not Applicable] |
| (iii) | Stabilisation Manager(s): | [ ]/[Not Applicable] |
| (iv) | If non-syndicated, name of Dealer: | [ ]/[Not Applicable] |
| (v) | Prohibition of Sales to EEA Retail Investors: | [Applicable]/[Not Applicable] |

8. **THIRD PARTY INFORMATION**

[[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ] no facts have been omitted which would render the reproduced information inaccurate or misleading]/[Not Applicable]

## FORM OF PRICING SUPPLEMENT

**[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 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 (EU) 2016/97, 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 (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.]

[**MIFID II PRODUCT GOVERNANCE** – [*appropriate target market legend to be included*].]

[**SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION** – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that 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).]

**Pricing Supplement dated [ ]**

No base prospectus is required to be produced in accordance with Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") for the issue of Non-PR Notes described below and, accordingly, the Non-PR Notes issued as described below are not required to, and do not comply with, the Prospectus Regulation. The Non-PR Notes do not form part of the Base Prospectus for the purposes of the Prospectus Regulation and the FCA has neither approved nor reviewed the information contained in this Pricing Supplement.

**DP World PLC**
**Legal Entity Identifier (LEI): 549300M3U2DNF4QVSS04**

**Issue of [Title of Non-PR Notes]**

**under the U.S.$10,000,000,000**
**Global Medium Term Note Programme**

### PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the "*Terms and Conditions of the Notes*" (the "**Conditions**") set forth in the base prospectus dated 2 September 2019 (the "**Base Prospectus**") [and the supplement(s) to it dated [ ]]. This document constitutes the Pricing Supplement relating to the issue of Non-PR Notes described herein and must be read in conjunction with the Base Prospectus [as so supplemented] in order to obtain all relevant information. The Base Prospectus [and the supplement(s) to it dated [ ]] [is] [are] available for viewing at the market news section of the London Stock Exchange website (http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html) and on the Dubai Financial Service Authority's website (https://www.dfsa.ae/DFSA-Listing-Authority/Approved-Documents) and, upon reasonable notice being given and during usual business hours, at the registered office of the Issuer at P.O. Box 17000, Dubai, United Arab Emirates and at the registered office of the Issuing and Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.]

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

Terms used herein shall be deemed to be defined as such for the purposes of the "*Terms and Conditions of the Notes*" (the "**Conditions**") contained in the Trust Deed dated [ ] and set forth in the base prospectus dated [ ] [and the supplement(s) to it dated [ ]] which are incorporated by reference into the base prospectus dated 2 September 2019 (the "**Base Prospectus**"). This document constitutes the Pricing Supplement relating to the issue of Non-PR Notes described herein and must be read in conjunction with the Base Prospectus dated 2 September 2019 [and the supplement(s) to it dated [ ]] in order to obtain all relevant information, save in respect of the Conditions. The Base Prospectus [and the supplement(s) to it] [is] [are] are available for viewing at the market news section of the London Stock Exchange website (http://www.londonstockexchange.com/ exchange/news/market-news/market-news-home.html) and on the Dubai Financial Service Authority's website (https://www.dfsa.ae/DFSA-Listing-Authority/Approved-Documents) and, upon reasonable notice being given and during usual business hours, at the registered office of the Issuer at P.O. Box 17000, Dubai, United Arab Emirates and at the registered office of the Issuing and Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.]

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

| | | | |
|---|---|---|---|
| 1. | Issuer: | | DP World PLC |
| 2. | (i) | Series Number: | [ ] |
| | [(ii) | Tranche Number: | [ ]] |
| | [(iii) | Date on which the Notes become fungible: | [ ]] |
| 3. | Specified Currency or Currencies: | | [ ] |
| 4. | Aggregate Nominal Amount of Notes: | | |
| | (i) | Series: | [ ] |
| | [(ii) | Tranche: | [ ]] |
| 5. | Issue Price: | | [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ ]] |
| 6. | (i) | Specified Denominations: | [ ] [and integral multiples of [ ] in excess thereof] |
| | (ii) | Calculation Amount: | [ ] |
| 7. | (i) | Issue Date: | [ ] |
| | (ii) | Interest Commencement Date: | [ ]/[Issue Date]/[Not Applicable] |
| 8. | Maturity Date: | | [ ] |
| 9. | Interest Basis: | | [[ ] per cent. Fixed Rate]<br>[[ ] +/- [ ] per cent. Floating Rate]<br>[Zero Coupon] |
| 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 Basis: | | [Applicable]/[Not Applicable] |
| 12. | Put/Call Options: | | [Call Option]<br>[Make Whole Call Option]<br>[Put Option]<br>[Change of Control Put Option] |
| 13. | (i) | Status of the Notes: | Senior |

| | | | |
|---|---|---|---|
| | (ii) | Date [board] approval for issuance of Notes obtained: | [ ] |

**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 [[annually]/[semi-annually]/[quarterly]/[monthly]/[ ]] in arrear on each Interest Payment Date |
| | (ii) | Interest Payment Date(s): | [ ] [and [ ]] in each year [up to and including the Maturity Date], commencing on [[the Issue Date]/[ ]] |
| | (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 (ISDA)<br>Actual/365 (Fixed)<br>Actual/365 (Sterling)<br>Actual/360<br>30/360<br>30E/360<br>30E/360 (ISDA)<br>Actual/Actual (ICMA)] |
| | (vi) | Determination Dates: | [[ ] in each year]/[Not Applicable] |
| 15. | Floating Rate Note Provisions: | | [Applicable]/[Not Applicable] |
| | (i) | Interest Period(s): | [ ][, subject to adjustment in accordance with the Business Day Convention set out in (iv) below]/[, not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable] |
| | (ii) | Specified Interest Payment Dates: | [ ] [and [ ]] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below]/[not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable] |
| | (iii) | Interest Period Date: | [ ], subject to adjustment in accordance with Condition 7(h) |
| | (iv) | Business Day Convention: | [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not Applicable] |
| | (v) | Business Centre(s): | [ ]/[Not Applicable] |
| | (vi) | Manner in which the Rate(s) of Interest and Interest Amount is/are to be determined: | [Screen Rate Determination]/[ISDA Determination] |

| | | | |
|---|---|---|---|
| (vii) | Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): | | [ ] |
| (viii) | Screen Rate Determination: | | |
| | (a) | Reference Rate: | [EURIBOR/LIBOR/LIBID/LIMEAN]<br><br>[EURIBOR is provided by European Money Markets Institute. As at the date hereof, European Money Markets Institute appears in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of Regulation (EU) 2016/1011, as amended]<br><br>[LIBOR is provided by ICE Benchmark Administration Limited. As at the date hereof, ICE Benchmark Administration Limited appears in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of Regulation (EU) 2016/1011, as amended]<br><br>[[•] is provided by [•]. As at the date hereof, [•] [appears/does not appear] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of Regulation (EU) 2016/1011, as amended (the "**Benchmarks Regulation**").] / [As far as the Issuer is aware, as at the date hereof, [•] does not fall within the scope of the Benchmarks Regulation.] / [As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that [•] is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).] |
| | (b) | Interest Determination Date(s): | [ ] |
| | (c) | Relevant Screen Page: | [ ] |
| (ix) | ISDA Determination: | | |
| | (a) | Floating Rate Option: | [ ] |
| | (b) | Designated Maturity: | [ ] |
| | (c) | Reset Date: | [ ] |
| | (d) | ISDA Definitions: | [2000] |
| (x) | Linear Interpolation: | | [Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]/[Not Applicable] |

| | | | | |
|---|---|---|---|---|
| | (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: | | [Actual/Actual (ISDA)<br>Actual/365 (Fixed)<br>Actual/365 (Sterling)<br>Actual/360<br>30/360<br>30E/360<br>30E/360 (ISDA)<br>Actual/Actual (ICMA)] |
| 16. | Zero Coupon Note Provisions: | | | [Applicable]/[Not Applicable] |
| | (i) | Amortisation Yield: | | [ ] per cent. per annum |
| | (ii) | Reference Price: | | [ ] |
| | (iii) | Day Count Fraction in relation to Early Redemption Amounts and late payment: | | [Actual/Actual (ISDA)<br>Actual/365 (Fixed)<br>Actual/365 (Sterling)<br>Actual/360<br>30/360<br>30E/360<br>30E/360 (ISDA)<br>Actual/Actual (ICMA)] |

**PROVISIONS RELATING TO REDEMPTION**

| | | | | |
|---|---|---|---|---|
| 17. | Call Option: | | | [Applicable]/[Not Applicable] |
| | (i) | Optional Redemption Date(s): | | [ ] |
| | (ii) | Optional Redemption Amount: | | [ ] per Calculation Amount |
| | (iii) | If redeemable in part: | | [Applicable]/[Not Applicable] |
| | | (a) | Minimum Redemption Amount: | [[ ] per Calculation Amount]/[Not Applicable] |
| | | (b) | Maximum Redemption Amount: | [[ ] per Calculation Amount]/[Not Applicable] |
| | (iv) | Notice period (if other than as set out in the Conditions): | | [ ]/[Not Applicable] |
| 18. | Make Whole Call Option: | | | [Applicable]/[Not Applicable] |
| | (i) | Make Whole Call Date: | | [ ] |
| | (ii) | Benchmark Security: | | [United States Treasury security]/[ ] |
| | (iii) | Make Whole Redemption Rate: | | [Rate per annum equal to the [semi-]annual equivalent yield to maturity of the applicable Comparable Security, assuming a price for such Comparable Security (expressed as a percentage of its principal |

| | | | |
|---|---|---|---|
| | | | amount) equal to the applicable Comparable Security Price for such redemption date]/[ ] |
| | (iv) | Make Whole Redemption Margin: | [ ] per cent. |
| | (v) | Reference Dealer(s): | [ ]/[Not Applicable] |
| | (vi) | Reference Quotation Time: | [ ] |
| | (vii) | If redeemable in part: | [Applicable]/[Not Applicable] |
| | (viii) | Notice period (if other than as set out in the Conditions): | [ ]/[Not Applicable] |
| 19. | Put Option: | | [Applicable]/[Not Applicable] |
| | (i) | Optional Redemption Date(s): | [ ] |
| | (ii) | Optional Redemption Amount: | [ ] per Calculation Amount |
| | (iii) | Notice period (if other than as set out in the Conditions): | [ ]/[Not Applicable] |
| 20. | Change of Control Put Option: | | [Applicable]/[Not Applicable] |
| | (i) | Change of Control Redemption Amount: | [ ] per Calculation Amount |
| 21. | Final Redemption Amount: | | [ ]/[Par] per Calculation Amount |
| 22. | Early Redemption Amount payable on redemption for taxation reasons or on event of default: | | [Final Redemption Amount]/[[ ] per Calculation Amount]/[Not Applicable] |

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

| | | |
|---|---|---|
| 23. | Form of Notes: | Bearer Notes: |
| | | [Temporary Global Note exchangeable on and after the Exchange Date for a permanent Global Note which is exchangeable for Definitive Notes [on [ ] days' notice]/[only upon an Exchange Event]] |
| | | [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date] |
| | | [Permanent Global Note exchangeable for Definitive Notes [on [ ] days' notice]/[only upon an Exchange Event]] |
| | | Registered Notes: |
| | | [Restricted Global Certificate [(U.S.$[ ] nominal amount)] registered in the name of a nominee for [[DTC]/[a common depositary for Euroclear and Clearstream, Luxembourg]]] |
| | | [Unrestricted Global Certificate [(U.S.$[ ] nominal amount)] registered in the name of a nominee for |

| | | |
|---|---|---|
| | | [[DTC]/[a common depositary for Euroclear and Clearstream, Luxembourg]]]<br><br>[Rule 144A][;] [Reg. S Compliance Category 2][;] [TEFRA C/TEFRA D/TEFRA not applicable] |
| 24. | Additional Financial Centre(s) or other special provisions relating to payment dates: | [ ]/[Not Applicable] |
| 25. | Details relating to Instalment Notes: | [Applicable]/[Not Applicable] |
| | (i) Instalment Amount(s): | [ ]/[Not Applicable] |
| | (ii) Instalment Date(s): | [ ]/[Not Applicable] |
| 26. | Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): | [Yes]/[No] |

**SIGNED** on behalf of DP World PLC:

By:........................................................................
Duly authorised

By:........................................................................
Duly authorised

## PART B – OTHER INFORMATION

1. **LISTING**

| | | |
|---|---|---|
| (i) | Listing and admission to trading: | Application [will be/has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market and to the official list of the FCA with effect from [the Issue Date/[ ]]<br><br>[Application [will be/has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on Nasdaq Dubai and to the official list of securities maintained by the Dubai Financial Services Authority with effect from [the Issue Date/[ ]]] |
| (ii) | Estimate of total expenses related to admission to trading: | [ ] |

2. **RATINGS**

| | |
|---|---|
| Ratings: | [The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:<br><br>[Standard & Poor's: [ ]]<br><br>[Moody's: [ ]]<br><br>[Fitch: [ ]]<br><br>[Other: [ ]] |

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business for which they may receive fees]/[Not Applicable]

4. **USE OF PROCEEDS**

[General corporate purposes]/[ ]

5. **YIELD (*Fixed Rate Notes only*)**

[ ] per cent. per annum [on a [quarterly]/[[semi-] annual] basis]. The indication of profit or return is calculated at the Issue Date on the basis of the Issue Price and may not be an indication of future profit or return

6. **OPERATION INFORMATION**

| | | |
|---|---|---|
| (i) | ISIN: | [ ] |
| (ii) | Common Code: | [ ] |
| (iii) | CUSIP: | [ ] |
| (iv) | CINS: | [ ] |

| | | |
|---|---|---|
| (v) | Any other security identification code(s): | CFI: [See 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/Available]]<br><br>FISN: [See 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/Available]]<br><br>[ ] |
| (vi) | Any clearing system(s) other than DTC, Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): | [ ]/[Not Applicable] |
| (vii) | Delivery: | Delivery [against/free of] payment |
| (viii) | Names and addresses of additional Paying Agent(s) (if any): | [ ] |
| (ix) | Name and address of Registrar(s): | [ ] |

7. **DISTRIBUTION**

| | | |
|---|---|---|
| (i) | Method of distribution: | [Syndicated]/[Non-syndicated] |
| (ii) | If syndicated, names of Managers: | [ ]/[Not Applicable] |
| (iii) | Stabilisation Manager(s): | [ ]/[Not Applicable] |
| (iv) | If non-syndicated, name of Dealer: | [ ]/[Not Applicable] |
| (v) | Prohibition of Sales to EEA Retail Investors: | [Applicable]/[Not Applicable] |

8. **THIRD PARTY INFORMATION**

[[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ] no facts have been omitted which would render the reproduced information inaccurate or misleading]/[Not Applicable]

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions (the "**Conditions**") that, subject to completion and as supplemented in accordance with the provisions of Part A of the applicable Final Terms (or, in the case of Non-PR Notes, the applicable Pricing Supplement (each as defined below)) and, save for the text in italics, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either: (i) the full text of these Conditions together with the relevant provisions of Part A of the Final Terms (or, in the case of Non-PR Notes, the applicable Pricing Supplement); or (ii) these Conditions as so completed or supplemented (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the applicable Final Terms (or, in the case of Non-PR Notes, the applicable Pricing Supplement). Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "**Notes**" are to the Notes of one Series only, not to all Notes that may be issued under the Programme. For so long as the Notes are represented by Global Notes and/or Global Certificates, these Conditions shall be as modified by the terms of the relevant Global Note or Global Certificate (see further "Summary of Provisions relating to the Notes while in Global Form").*

*In the case of a Tranche of Notes which will not be admitted to listing, trading on a regulated market for the purposes of Directive 2014/65/EU, as amended ("**MiFID II**") in the European Economic Area and/or quotation by any competent authority, stock exchange and/or quotation system or will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer and the relevant Dealer ("**Non-PR Notes**") and, accordingly, no base prospectus will be required to be produced in accordance with Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"), a pricing supplement (a "**Pricing Supplement**") will be issued describing the final terms of such Tranche of Non-PR Notes.*

DP World PLC (the "**Issuer**") has established a Global Medium Term Note Programme (the "**Programme**") for the issuance of up to U.S.$10,000,000,000 (or its equivalent in other currencies) in aggregate principal amount of notes outstanding at any time (the "**Notes**").

The Notes issued by the Issuer are constituted by an amended and restated trust deed (as amended and/or supplemented and/or restated from time to time, the "**Trust Deed**") dated 2 September 2019 between the Issuer and Deutsche Trustee Company Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An amended and restated agency agreement (as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 2 September 2019 has been entered into in relation to the Notes between the Issuer, the Trustee, Deutsche Bank AG, London Branch as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the paying agents, the registrars, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent), the "**Exchange Agents**" (which expression shall include the Issuing and Paying Agent), the "**Euro Registrar**" and the "**U.S. Registrar**" (together, the "**Registrars**" and each a "**Registrar**"), the "**Transfer Agents**" (which expression shall include the Registrars) and the "**Calculation Agent(s)**". The Issuing and Paying Agents, the Paying Agents, the Exchange Agents, the Registrars, the Transfer Agents and the Calculation Agents are together referred to as the "**Agents**".

Copies of the Trust Deed and the Agency Agreement are available for inspection upon reasonable notice being given and during usual business hours at the principal office of the Trustee (presently at Winchester House, 1 Great Winchester Street, London EC2N 2DB) and at the specified offices of the Paying Agents and the Transfer Agents.

References herein to "**Issuing and Paying Agent**", "**Calculation Agent**" and "**Registrar**" shall be deemed to be respectively to the Issuing and Paying Agent, Calculation Agent and the Registrars so appointed and references to any Paying Agent shall be to the Issuing and Paying Agent. Any additional Paying Agents and the relevant Calculation Agent and the Registrars will be specified in the applicable Final Terms (as defined in the Trust Deed) or Pricing Supplement (as defined in the Trust Deed), as applicable.

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

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

1. **Form, Denomination and Title**

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) as specified in the applicable Final Terms, provided that the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes) and in case of any Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA, the minimum specified denomination shall be £100,000 (or its equivalent in other currencies), unless otherwise permitted by then current law and regulations.

As used in these Conditions:

"**FSMA**" means the Financial Services and Markets Act 2000, as amended;

"**QIBs**" means qualified institutional buyers as defined in Rule 144A under the Securities Act;

"**Rule 144A**" means Rule 144A under the Securities Act; and

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

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or an Instalment Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest Basis and Redemption/Payment Basis specified in the applicable Final Terms (or Pricing Supplement, as applicable).

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

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

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

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

2. **No Exchange of Notes and Transfers of Registered Notes**

(a) ***No Exchange of Notes***

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

(b) ***Transfer of Registered Notes***

One or more Registered Notes may be transferred upon the surrender (at the specified office of any Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries on the Registers will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrars and the Trustee. A copy of the current regulations will be made available by the Registrars to any Noteholder upon request.

(c) ***Exercise of Options or Partial Redemption in Respect of Registered Notes***

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

(d) ***Delivery of New Certificates***

Each new Certificate to be issued pursuant to Condition 2(a), Condition 2(b) or Condition 2(c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(f)(iii)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the relevant Registrar (as the case may be).

(e) ***Transfer Free of Charge***

Transfers of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer

Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) ***Closed Periods***

No Noteholder may require the transfer of a Registered Note to be registered: (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note; (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d); (iii) after any such Note has been called for redemption; or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)).

3. **Status of the Notes**

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

4. **Negative Pledge**

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

In these Conditions:

"**Excluded Subsidiary**" means any Subsidiary of the Issuer:

(i) which is a single purpose company whose principal assets and business are constituted by the ownership, acquisition, leasing, construction, development (including any subsequent development) or operation of any project or asset (or group of related assets); and

(ii) whose indebtedness for borrowed money in respect of the financing of such ownership, acquisition, leasing, construction, development (including any subsequent development) or operation of any project or asset (or group of related assets) is subject to no recourse (other than any Permitted Recourse) to the Issuer or any of its Subsidiaries (other than another Excluded Subsidiary) in respect of the repayment thereof;

"**Permitted Recourse**" means recourse to the Issuer or any of its Subsidiaries in respect of any financing or refinancing of all or part of the costs of the ownership, acquisition, leasing, construction, development (including any subsequent development) or operation of any project or asset (or group of related assets), so long as the terms of such recourse are restricted such that:

(i) it shall be released following completion of the development or construction of the relevant asset (or group of related assets) to the satisfaction of the holders of such indebtedness; or

(ii) it is limited to:

(1) an agreed cash amount, and may only be enforced in the event that the development or construction of such project or asset (or group of related assets) cannot be completed or is subject to cost overruns or delays; or

(2) the cash flow or net cash flow (other than historic cash flow or historic net cash flow) from such project or asset (or group of related assets); or

(3) shares, securities or other instruments representing ownership in, or indebtedness of, an Excluded Subsidiary; or

(4) an agreement by the Issuer or any of its Subsidiaries not to dispose of any or all of such shares, securities or other instruments as are referred to in paragraph (3) above; or

(5) an agreement by the Issuer or any of its Subsidiaries to subordinate its rights in respect of such shares, securities or other instruments for the benefit of the holders of indebtedness incurred by an Excluded Subsidiary; or

(6) recourse in respect of any policy of insurance (or similar instrument, but for the avoidance of doubt not including any financial guarantee) which may be granted by the Issuer or any of its Subsidiaries (other than an Excluded Subsidiary) for the benefit of an Excluded Subsidiary;

"**Permitted Security Interest**" means:

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

(ii) any Security Interest securing Relevant Indebtedness or Relevant Sukuk Obligation of a person and/or its subsidiaries existing at the time that such person is merged into, or consolidated with, the Issuer or any of its Subsidiaries, provided that such Security Interest was not created in contemplation of such merger or consolidation and does not extend to any other assets or property of the Issuer or any of its Subsidiaries;

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

(iv) any renewal of or substitution for any Security Interest permitted by any of paragraph (i) to paragraph (iii) (inclusive) above, provided that with respect to any such Security Interest the principal amount secured has not increased and the Security Interest has not been extended to any additional assets (other than the proceeds of such assets); or

(v) any Security Interest in respect of any Relevant Indebtedness or Relevant Sukuk Obligation not otherwise permitted under any other paragraph of this definition, provided that the aggregate outstanding amount secured thereby shall not at any time exceed an amount equal to 10 per cent. of Total Assets of the Issuer;

"**Project Financing Indebtedness**" means any indebtedness incurred in connection with the financing or refinancing (including any such financing or refinancing which is intended to be in compliance with the principles of *Shari'a*) of all or part of the costs of the ownership, acquisition, leasing, construction, development (including any subsequent development) or operation of any project or asset (or group of related assets), provided that the principal source of payment or repayment of such indebtedness is: (i) the project or asset (or group of related assets) so financed or refinanced and/or the revenues or cashflows derived from such project or asset; or (ii) the assets and undertaking of an Excluded Subsidiary and/or shares, securities or other instruments representing ownership in, or indebtedness of, an Excluded Subsidiary and provided further that the person or persons to whom any such indebtedness is or may be owed by the relevant obligor has no recourse (other than Permitted Recourse) to the Issuer or any Subsidiary;

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

"**Relevant Sukuk Obligation**" means any present or future undertaking or other obligation to pay any money given in connection with any issue of trust certificates or other securities intended to be issued in compliance with the principles of *Shari'a*, whether or not in return for consideration of any kind, which for the time being are, or are intended to be or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

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

"**Securitisation Indebtedness**" means any indebtedness incurred in connection with Securitisation;

"**Subsidiary**" means, at any particular time, any company which is then directly or indirectly controlled, or more than 50 per cent. of whose issued equity share capital (or equivalent) is then beneficially owned by the Issuer. For a company to be "**controlled**" by the Issuer means that the Issuer (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract, trust or otherwise) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that company or otherwise controls, or has the power to control, the affairs and policies of that company; and

"**Total Assets**" means at any time: (i) in relation to the Issuer, the consolidated total assets of the Issuer, calculated by reference to the then latest audited consolidated financial statements of the Issuer; (ii) in relation to any Subsidiary, the total assets (consolidated in the case of a Subsidiary which itself has subsidiaries) of such Subsidiary calculated by reference to the then latest financial statements (consolidated or, as the case may be, unconsolidated) of such Subsidiary, provided that for this purpose, in calculating the amount of the total assets of any Subsidiary of the Issuer, any receivables due from the Issuer or any other Subsidiary shall be excluded and provided further that if at any time the relevant financial statements do not include a line item for "total assets", the relevant amount shall be that which the Issuer determines (after consultation with its external auditors) to be the amount of the relevant total assets (consolidated or, as the case may be, unconsolidated) in accordance with the accounting principles used in preparation of the then latest consolidated financial statements.

## 5. Interest and Other Calculations

### (a) *Interest on Fixed Rate Notes*

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

### (b) *Interest on Floating Rate Notes*

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f). Such Interest Payment Date(s) is/are either specified in the applicable Final Terms (or Pricing

Supplement, as applicable) as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are specified, Interest Payment Date shall mean each date which falls the number of months or other period specified in the applicable Final Terms (or Pricing Supplement, as applicable) as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention*

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is: (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment; (2) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day; (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

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

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the applicable Final Terms (or Pricing Supplement, as applicable) and the provisions below relating to any one or more of ISDA Determination, Screen Rate Determination or Linear Interpolation shall apply, depending upon which is specified in the applicable Final Terms (or Pricing Supplement, as applicable).

(1) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms (or Pricing Supplement, as applicable) as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this paragraph (1), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified in the applicable Final Terms (or Pricing Supplement, as applicable);

(y) the Designated Maturity is a period specified in the applicable Final Terms (or Pricing Supplement, as applicable); and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the applicable Final Terms (or Pricing Supplement, as applicable).

For the purposes of this paragraph (1), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

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

(x) Where Screen Rate Determination is specified in the applicable Final Terms (or Pricing Supplement, as applicable) as the manner in which the

Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean of the offered quotations,

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

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

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

(3) *Linear Interpolation*

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

"**Applicable Maturity**" means: (x) in relation to Screen Rate Determination, the period of time designated in the Reference Rate; and (y) in relation to ISDA Determination, the Designated Maturity.

(c) ***Zero Coupon Notes***

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

(d) ***Accrual of Interest***

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused or payment on the due date is improperly withheld or not made. In such event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to and including the Relevant Date (as defined in Condition 8).

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

(i) If any Margin is specified in the applicable Final Terms (or Pricing Supplement, as applicable) (either: (1) generally; or (2) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (1), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (2), calculated in accordance with Condition 5(b) by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to paragraph (ii) below.

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

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified): (1) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up); (2) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant figure shall be rounded up); and (3) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the country or countries, as the case may be, of such currency.

(f) ***Calculations***

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

(g) ***Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Change of Control Redemption Amounts and Instalment Amounts***

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

(h) ***Benchmark Replacement***

Notwithstanding the provisions of Condition 5(b), if the Issuer (in consultation, to the extent practicable, with the Calculation Agent or such other person specified in the applicable Final Terms (or Pricing Supplement, as applicable) as the party responsible for calculating the Rate of Interest and Interest Amounts) determines that a Benchmark Event has occurred in relation to a Reference Rate when any Rate of Interest (or the relevant component part thereof) remains to be determined by reference to such Reference Rate, then the following provisions shall apply:

(i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser as soon as reasonably practicable, which Independent Adviser shall determine a Successor Rate or, alternatively, if the Independent Adviser determines that there is no Successor Rate, an Alternative Reference Rate and, in either case, (subject to paragraph (iv) below) an Adjustment Spread by no later than ten Business Days prior to the Interest Determination Date relating to the next succeeding Interest Period (the "**Interest Period Determination Cut-off Date**") for the purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods (subject to the operation of this Condition 5(h) in its entirety);

(ii) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Reference Rate, prior to the Interest Period Determination Cut-off Date in accordance with paragraph (i) above, the Rate of Interest applicable to such Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period and if there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period for which the Rate of Interest was determined, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period);

(iii) if a Successor Rate or an Alternative Reference Rate is determined in accordance with the preceding provisions, such Successor Rate or Alternative Reference Rate (as applicable) and any applicable Adjustment Spread shall be the Reference Rate for all future Interest Periods (subject to the operation of this Condition 5(h) in its entirety);

(iv) the Adjustment Spread (or the formula for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Reference Rate (as the case may be). If, however, the Independent Adviser (in consultation with the Issuer) is unable to determine, prior to the Interest Determination Date relating to the next succeeding Interest Period, the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread;

(v) if the Independent Adviser determines a Successor Rate or an Alternative Reference Rate and, in each case, any applicable Adjustment Spread, in accordance with the above provisions, the Independent Adviser (in consultation with the Issuer) may also specify changes to these Conditions, including to the Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Interest Payment Dates, Relevant Screen Page and/or the definition of Reference Rate or Adjustment Spread applicable to the Notes (and in each case, related provisions and definitions), and the method for determining the fallback rate in relation to the Notes, as necessary in order to ensure the proper operation of such Successor Rate or Alternative Reference Rate (as applicable) and/or (in either case) any applicable Adjustment Spread and the Issuer shall, subject to giving notice thereof in accordance with paragraph (vii) below, without any requirement for the consent or approval of the Noteholders, vary these Conditions and/or the Trust Deed and/or the Agency Agreement to give effect to such changes with effect from the date specified in such notice, which changes shall apply to the Notes for all future Interest Periods (subject to the operation of this Condition 5(h) in its entirety);

(vi) an Independent Adviser appointed pursuant to this Condition 5(h) shall act in good faith and subject as aforesaid (in the absence of fraud), shall have no liability whatsoever to the Issuer, the Calculation Agent or Noteholders for any determination made by it pursuant to this Condition 5(h). No Noteholder consent shall be required in connection with effecting the Successor Rate or the Alternative Reference Rate (as applicable), any Adjustment Spread or such other changes pursuant to paragraph (v) above, including for the execution of any documents, amendments or other steps by the Issuer or the Calculation Agent (if required);

(vii) the Issuer shall promptly, following the determination of any Successor Rate, Alternative Reference Rate or Adjustment Spread, give notice thereof and of any changes pursuant to paragraph (v) above to the Calculation Agent, Paying Agents and the Noteholders in accordance with Condition 16; and

(viii) notwithstanding any other provision of this Condition 5(h), neither the Trustee nor the Issuing and Paying Agent shall be obliged to concur with the Issuer in respect of any changes pursuant to Condition 5(h)(v) which, in the sole opinion of the Trustee or the Issuing and Paying Agent (as applicable), would have the effect of (a) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (b) increasing the obligations or duties, or decreasing the rights or protections, of the Trustee or the Issuing and Paying Agent (as applicable) in the Trust Deed, the Agency Agreement and/or these Conditions.

(i) ***Definitions***

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Adjustment Spread**" means either: (i) a spread (which may be positive, negative or zero); or (ii) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

(1) in the case of a Successor Rate, is formally recommended in relation to the replacement of the relevant Reference Rate with the Successor Rate by any Relevant Nominating Body;

(2) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) determines is customarily applied to the Successor Rate or Alternative Reference Rate in international debt capital markets transactions to produce an industry-accepted replacement rate for the relevant Reference Rate; or

(3) if the Independent Adviser (in consultation with the Issuer) determines that no such spread is customarily applied, the spread, formula or methodology which the Independent Adviser (in consultation with the Issuer) in its discretion determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the relevant Reference Rate where such rate has been replaced by the Successor Rate or Alternative Reference Rate (as applicable);

"**Alternative Reference Rate**" means the rate (and related alternative screen page or source, if available) that the Independent Adviser (in consultation with the Issuer) determines is customarily applied in international debt capital markets transactions for the purposes of determining Rates of Interest (or the relevant component part thereof) in respect of Notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Period or, if the Independent Adviser (in consultation with the Issuer) determines that there is no such rate, such other rate as the Independent Adviser (in consultation with the Issuer) determines in its discretion is most comparable to the relevant Reference Rate;

"**Benchmark Event**" means:

(i) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered or ceasing to be published for at least five Business Days;

(ii) a public statement by the administrator of the relevant Reference Rate that it has ceased or that it will cease publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate);

(iii) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued;

(iv) a public statement by the supervisor of the administrator of the relevant Reference Rate as a consequence of which the relevant Reference Rate will be prohibited from being used generally, or in respect of the Notes; or

(v) it has become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the relevant Reference Rate,

provided that in the case of paragraphs (i) to (iv) (inclusive) above, the Benchmark Event shall occur on the date of the cessation of publication of the relevant Reference Rate, the discontinuation of the relevant Reference Rate, or the prohibition of use of the relevant Reference Rate, as the case may be, and not the date of the relevant public statement;

"**Business Day**" means:

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

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

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

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

(i) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms (or Pricing Supplement, as applicable), the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**$D_2$**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case $D_2$ will be 30;

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

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

where:

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

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

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

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

"**$D_1$**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**$D_2$**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

(iii) if "**30E/360 (ISDA)**" is specified in the applicable Final Terms (or Pricing Supplement, as applicable), the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

"**$D_1$**" is the first calendar day, expressed as a number, of the Calculation Period, unless: (1) that day is the last day of February; or (2) such number would be 31, in which case D1 will be 30; and

"**$D_2$**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless: (1) that day is the last day of February but not the Maturity Date; or (2) such number would be 31, in which case D2 will be 30;

(iv) if "**Actual/360**" is specified in the applicable Final Terms (or Pricing Supplement, as applicable), the actual number of days in the Calculation Period divided by 360;

(v) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms (or Pricing Supplement, as applicable), the actual number of days in the Calculation Period divided by 365;

(vi) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms (or Pricing Supplement, as applicable), the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(vii) if "**Actual/Actual**" or "**Actual/Actual – ISDA**" is specified in the applicable Final Terms (or Pricing Supplement, as applicable), the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of: (1) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and (2) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365); and

(vii) if "**Actual/Actual – ICMA**" is specified in the applicable Final Terms (or Pricing Supplement, as applicable),

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

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

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

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

"**Determination Date**" means the date(s) specified as such in the applicable Final Terms (or Pricing Supplement, as applicable) or, if none is so specified, the Interest Payment Date(s);

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

"**EURIBOR**" means the Euro Interbank Offered Rate;

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

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer at its own expense under Condition 5(h);

"**Instalment Amount**" means the amount (if any) specified as such in the applicable Final Terms (or Pricing Supplement, as applicable);

"**Instalment Date**" means the amount (if any) specified as such in the applicable Final Terms (or Pricing Supplement, as applicable);

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

"**Interest Amount**" means:

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

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

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified in the applicable Final Terms (or Pricing Supplement, as applicable);

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the applicable Final Terms (or Pricing Supplement, as applicable) or, if none is so specified: (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling; or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro; or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

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

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified in the applicable Final Terms (or Pricing Supplement, as applicable);

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the applicable Final Terms (or Pricing Supplement, as applicable);

"**LIBID**" means the London Interbank Bid Rate;

"**LIBOR**" means the London Interbank Offered Rate;

"**LIMEAN**" means the London Interbank Mean Rate, which is a mid-market rate calculated by averaging the LIBOR and the LIBID;

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions specified in the applicable Final Terms (or Pricing Supplement, as applicable);

"**Reference Banks**" means, in the case of a determination of LIBOR, LIBID or LIMEAN, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Eurozone office of four major banks in the Eurozone inter-bank market, in each case selected by the Issuer;

"**Reference Rate**" means the rate specified as such in the applicable Final Terms (or Pricing Supplement, as applicable);

"**Relevant Nominating Body**" means, in respect of a reference rate:

(i) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate; or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of:

(a) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the reference rate relates;

(b) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate;

(c) a group of the aforementioned central banks or other supervisory authorities;

(d) the International Swaps and Derivatives Association, Inc. or any part thereof; or

(e) the Financial Stability Board or any part thereof;

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Final Terms (or Pricing Supplement, as applicable) (or any successor or replacement page, section, caption, column or other part of a particular information source);

"**Specified Currency**" means the currency specified as such in the applicable Final Terms (or Pricing Supplement, as applicable) or, if none is specified, the currency in which the Notes are denominated;

"**Successor Rate**" means the reference rate (and related alternative screen page or source, if available) which is formally recommended by any Relevant Nominating Body as a successor to or replacement of the relevant Reference Rate; and

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

(j) ***Calculation Agent***

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

## 6. Redemption, Purchase and Options

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

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the relevant Instalment Amount each as specified in the applicable Final Terms (or Pricing Supplement, as vapplicable). The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note shall be finally redeemed on the Maturity Date specified in the applicable Final Terms (or Pricing Supplement, as applicable) at its Final Redemption Amount (which, unless otherwise specified in the applicable Final Terms (or Pricing Supplement, as applicable), is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) ***Early Redemption***

(i) *Zero Coupon Notes*

(1) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Condition 6(c), Condition 6(d) or Condition 6(f) or upon it becoming due and payable as provided in Condition 10 shall be an amount (the "**Amortised Face Amount**") calculated as provided below unless otherwise specified in the applicable Final Terms (or Pricing Supplement, as applicable).

(2) Subject to the provisions of paragraph (3) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is specified in the applicable Final Terms (or Pricing Supplement, as applicable), shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(3) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c), Condition 6(d) or Condition 6(f) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in paragraph (2) above, except that such paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this paragraph (3) shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction specified in the applicable Final Terms (or Pricing Supplement, as applicable).

(ii) *Other Notes*

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i)), upon redemption of such Note pursuant to Condition 6(c), Condition 6(d), Condition 6(e) or Condition 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified in the applicable Final Terms (or Pricing Supplement, as applicable).

(c) ***Redemption for Taxation Reasons***

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b)) (together with interest accrued to the date fixed for redemption), if: (i) the Issuer satisfies the

Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of the relevant Tax Jurisdiction or any political subdivision or any authority therein or thereof having power to tax, or any change in the application or official interpretation of the laws or regulations of the relevant Tax Jurisdiction, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series; and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee a certificate signed by two duly authorised officers of the Issuer stating that the obligation referred to in (i) cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) in which event it shall be conclusive and binding on Noteholders and Couponholders.

For the purpose of these Conditions, the "**relevant Tax Jurisdiction**" means each of the United Arab Emirates, the Emirate of Dubai and the Dubai International Financial Centre.

(d) ***Redemption at the Option of the Issuer***

If Call Option is specified in the applicable Final Terms (or Pricing Supplement, as applicable), the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice, or such other notice period as may be specified in the applicable Final Terms (or Pricing Supplement, as applicable) to the Noteholders, redeem all or, if so provided, some of the Notes on any Optional Redemption Date specified in the applicable Final Terms (or Pricing Supplement, as applicable). Any such redemption of Notes shall be at the Optional Redemption Amount specified in the applicable Final Terms (or Pricing Supplement, as applicable) (which may be the Early Redemption Amount (as described in Condition 6(b))) together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount (if any) to be redeemed specified in the applicable Final Terms (or Pricing Supplement, as applicable) and no greater than the Maximum Redemption Amount (if any) to be redeemed specified in the applicable Final Terms (or Pricing Supplement, as applicable).

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6.

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

(e) ***Make Whole Redemption***

If Make Whole Call Option is specified in the applicable Final Terms (or Pricing Supplement, as applicable), the Issuer may, on giving not less than 15 nor more than 30 days' notice, or such other notice period as may be specified in the applicable Final Terms (or Pricing Supplement, as applicable) to the Noteholders (the "**Make Whole Notice**") redeem all or some of the Notes on the redemption date specified in such Make Whole Notice (the "**Make Whole Redemption Date**"), provided that any Make Whole Notice can only be delivered after the relevant Make Whole Call Date. Any such redemption of Notes shall be at the Make Whole Amount (as determined by the Independent Investment Banker).

The Issuer shall cause the Make Whole Amount to be notified to the Trustee, the Registrar, each of the Paying Agents and any Calculation Agent appointed in respect of the Notes and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority, as soon as possible after its determination but in no event later than the date of the Make Whole Notice.

The determination of the Make Whole Amount and the obtaining of any quotation and/or the making of any determination or calculation in connection therewith by the Independent Investment Banker shall (in the absence of manifest error) be final and binding upon all parties.

All Notes in respect of which any such notice is given shall be redeemed on the Make Whole Redemption Date in accordance with this Condition 6.

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

Any Make Whole Notice may, at the Issuer's discretion, be subject to one or more conditions precedent, including completion of a corporate transaction. In such event, such Make Whole Notice shall describe each such condition and, if applicable, may state that, at the Issuer's discretion, the Make Whole Redemption Date may be delayed until such time as any or all such conditions shall be satisfied or waived, or such redemption may not occur and such Make Whole Notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the Make Whole Redemption Date, or by the Make Whole Redemption Date as so delayed.

If any of the Reference Dealers cease to be a primary dealer in the Benchmark Security, the Issuer will substitute such bank with another bank and "Reference Dealers" shall be construed accordingly.

For the purposes of this Condition 6(e):

"**Benchmark Security**" has the meaning given to it in the applicable Final Terms (or Pricing Supplement, as applicable);

"**Comparable Security**" means the Benchmark Security selected by the Independent Investment Banker as being denominated in the same currency as the Notes and having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes;

"**Comparable Security Price**" means: (i) if the Independent Investment Banker obtains four or more Reference Dealer Quotations, the average of such Reference Dealer Quotations after excluding the highest and lowest of such Reference Dealer Quotations; (ii) if the Independent Investment Banker obtains less than four but more than one Reference Dealer Quotations, the average of such Reference Dealer Quotations; or (iii) if the Independent Investment Banker obtains one Reference Dealer Quotation, such Reference Dealer Quotation;

"**Independent Investment Banker**" means one of the Reference Dealers appointed by the Issuer to act in such capacity;

"**Make Whole Amount**" means the amount specified as such in the relevant Make Whole Notice, being an amount equal to the greater of the following amounts:

(i) 100 per cent. of the nominal amount of the Notes being redeemed on the relevant Make Whole Redemption Date; and

(ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Notes being redeemed on the relevant Make Whole Redemption Date (not including the amount, if any, of accrued and unpaid interest to, but excluding, such Make Whole Redemption Date) discounted to the Make Whole Redemption Date at the Make Whole Redemption Rate (as determined by the Independent Investment Banker), plus the Make Whole Redemption Margin, plus, in each case, accrued and unpaid interest on the Notes being redeemed to, but excluding, the Make Whole Redemption Date;

"**Make Whole Call Date**" has the meaning given to it in the applicable Final Terms (or Pricing Supplement, as applicable);

"**Make Whole Redemption Rate**" has the meaning given to it in the applicable Final Terms (or Pricing Supplement, as applicable);

"**Reference Dealer**" means the banks specified as such in the applicable Final Terms (or Pricing Supplement, as applicable) (or, if any of their respective affiliates is a primary dealer in the Benchmark Security, such affiliate) and, if applicable, their respective successors;

"**Reference Dealer Quotation**" means, with respect to each Reference Dealer, the average of the bid and asked prices for the Comparable Security (expressed as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Dealer at the Reference Quotation Time; and

"**Reference Quotation Time**" means the time specified as such in the applicable Final Terms (or Pricing Supplement, as applicable) or, if no such time is specified, 5.00 p.m. on the day falling three Business Days prior to the Make Whole Redemption Date.

(f) ***Redemption at the Option of Noteholders***

(i) If Put Option is specified in the applicable Final Terms (or Pricing Supplement, as applicable), the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice, or such other notice period as may be specified in the applicable Final Terms (or Pricing Supplement, as applicable) to the Issuer, redeem such Note on the Optional Redemption Date(s) specified in the applicable Final Terms (or Pricing Supplement, as applicable) at its Optional Redemption Amount specified in the applicable Final Terms (or Pricing Supplement, as applicable) (which may be the Early Redemption Amount (as described in Condition 6(b))) together (if applicable) with interest accrued to the date fixed for redemption.

(ii) If Change of Control Put Option is specified as applicable in the applicable Final Terms (or Pricing Supplement, as applicable) and if a Change of Control Event occurs, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving notice to the Issuer at any time during the Put Period, redeem such Note on the Put Date at its Change of Control Redemption Amount specified in the applicable Final Terms (or Pricing Supplement, as applicable) together (if applicable) with interest accrued to but excluding the Put Date.

Immediately upon the Issuer becoming aware that a Change of Control Event has occurred, the Issuer shall, and, at any time following the occurrence of a Change of Control Event, the Trustee, if so requested by the holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution, shall, give notice to the Noteholders in accordance with Condition 16 specifying the nature of the Change of Control Event.

For the purpose of this paragraph (ii):

a "**Change of Control Event**" will occur if at any time the Government of Dubai ceases to own, directly or indirectly, at least 50 per cent. of the issued share capital of the Issuer or otherwise ceases to control, directly or indirectly, DP World. For the purpose of this Condition, the Government of Dubai will be deemed to "**control**" DP World if (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract, trust or otherwise) it has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of DP World or otherwise controls, or has the power to control, the affairs and policies of DP World;

"**Put Date**" means, in respect of any Put Period, the date which falls 14 days after the date on which the relevant holder exercises its option in accordance with Condition 6(f)(iii); and

"**Put Period**" means, in relation to any Change of Control Event, the period from and including the date on which a Change of Control Event occurs (whether or not the Issuer or the Trustee has given the notice referred to in the second paragraph of this Condition 6(f)(ii) in respect of such event) to and including the date falling 60 days after the date on which any such notice is given, provided that if no such notice is given, the Put Period shall not terminate.

The Trustee is under no obligation to ascertain whether a Change of Control Event or any event which could lead to the occurrence of or could constitute a Change of Control Event has occurred and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control Event or other such event has occurred.

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

(g) ***Purchases***

The Issuer and any Subsidiary may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. Notes so purchased, while held by or on behalf of the Issuer or any Subsidiary, shall not entitle the holder to vote at any meeting of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating the quorum at any meeting of Noteholders or for the purposes of Condition 10, Condition 11(a) and Condition 12.

(h) ***Cancellation***

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

7. **Payments and Talons**

(a) ***Bearer Notes***

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender or, in the case of part payment of any sum due, endorsement, of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. For the purpose of this

Condition 7, "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) ***Registered Notes***:

(i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but no other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender or, in the case of part payment of any sum due, endorsement, of the relevant Certificates at the specified office of any of the Transfer Agents or of any Registrar and in the manner provided in paragraph (ii) below.

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

(c) ***Payments in the United States***

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

(d) ***Payments subject to fiscal laws***

Payments will be subject in all cases to any fiscal or other laws, regulations and directives applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) ***Appointment of Agents***

The Issuing and Paying Agent, the Paying Agents, the Registrars, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. Subject as provided in the Agency Agreement, the Issuing and Paying Agent, the Paying Agents, the Registrars, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, any Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain: (i) an Issuing and Paying Agent; (ii) a Registrar in relation to Registered Notes; (iii) a Transfer Agent in relation to Registered Notes; (iv) one or more Calculation Agent(s) where the Conditions so require; (v) Paying Agents having specified offices in at least two major European cities; and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(c).

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

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

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, such Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Make Whole Amount or Change of Control Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

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

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

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

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

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

(g) ***Talons***

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

(h) ***Non-Business Days***

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7(h), "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" in the applicable Final Terms (or Pricing Supplement, as applicable) and:

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

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

8. **Taxation**

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding 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 within the relevant Tax Jurisdiction (which expression shall take the same meaning for the purposes of this Condition 8 as it takes for the purposes of Condition 6) or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) ***Other connection***

to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the relevant Tax Jurisdiction other than the mere holding of the Note, Receipt or Coupon; or

(b) ***Presentation/surrender more than 30 days after the Relevant Date***

presented or (if applicable) surrendered (or (if applicable) in respect of which the relevant Certificate is presented or (if applicable) surrendered) for payment more than 30 days after the Relevant Date (defined below) except to the extent that the holder thereof would have been entitled to such additional amounts on presenting or, as the case may be, surrendering it for payment on such thirtieth day.

Notwithstanding anything to the contrary in these Conditions, the Issuer, any paying agent and any other person shall be permitted to withhold and deduct, and shall not be required to pay any additional amounts with respect to, any withholding or deduction imposed on or with respect to any Note pursuant to Section 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), any treaty, law, regulation or other official guidance implementing FATCA, or any agreement (or related guidance) between the Issuer, a paying agent or any other person and the United States, any other jurisdiction, or any authority of any of the foregoing implementing FATCA.

As used in these Conditions, "**Relevant Date**" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation or, as the case may be, surrender of the Note, Receipt or Coupon (or (if applicable) the relevant Certificate) being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to: (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts (except as provided in Condition 7(a)), Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, principal component of Make Whole Amount, Change of Control Redemption Amount, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it; (ii) "**interest**" shall (except as provided in Condition 7(a)) be deemed to include all Interest Amounts, interest component of Make Whole Amount and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it; and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

9. **Prescription**

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. **Events of Default**

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

(a) ***Non-Payment***: default is made for more than 14 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date of interest or principal, as the case may be, in respect of any of the Notes; or

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

(c) ***Cross-Acceleration***: (i) any other present or future indebtedness of the Issuer or any of its Material Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any event of default or the like (howsoever described); or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period; or (iii) the Issuer or any of its Material Subsidiaries fails to pay when due or, as the case may be, within any applicable grace period any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, save in each case where the liability in respect of the relevant indebtedness, guarantee or indemnity is being contested by the Issuer or such Material Subsidiary, as the case may be, in good faith and by all appropriate means and provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(c) have occurred equals or exceeds U.S.$50,000,000 or its equivalent (as determined by the Trustee on the basis of the middle spot rate for the relevant currency against the U.S. dollar as determined by any leading bank on the day on which this Condition 10(c) falls to be applied); or

(d) ***Enforcement Proceedings***: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or (in the opinion of the Trustee) a material part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries and is not discharged, withdrawn or stayed within 60 days; or

(e) ***Security Enforced***: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries in respect of all or (in the opinion of the Trustee) a material part of the property, assets or revenues of the Issuer or such Material Subsidiary, as the case may be, becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, manager or other similar person); or

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

(g) ***Winding-up***: an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Material Subsidiaries or the Issuer or any of its Material Subsidiaries ceases or threatens to cease, or is required to cease, to carry on all or (in the opinion of the Trustee) substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee or by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in another Subsidiary; or

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

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

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

provided that (other than in the case of Condition 10(a), Condition 10(c), Condition 10(f) and Condition 10(g) (to the extent it relates to the winding up or dissolution of the Issuer)) the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

For the purpose of this Condition 10:

"**EBITDA**" means, in respect of any period, profit in respect of such period, plus; (i) finance costs (net of interest income); (ii) income tax (if any); and (iii) depreciation and amortisation, less (iv) the fixed component of any liability under a concession agreement or other operating lease required to be treated as a finance lease by the Group under IFRS 16 – Leases, in each case in respect of such period and at any time; (a) in relation to the Issuer, shall be calculated by reference to the relevant amounts shown in the then latest audited consolidated financial statements of the Issuer; and (b) in relation to any Subsidiary, shall be calculated by reference to the relevant amounts (consolidated in the case of a Subsidiary which itself has subsidiaries) shown in the then latest financial statements (consolidated or, as the case may be, unconsolidated) of such Subsidiary; and

"**Material Subsidiary**" means any Subsidiary:

(i) whose EBITDA (consolidated in the case of a Subsidiary which itself has subsidiaries) or whose Total Assets (consolidated in the case of a Subsidiary which itself has subsidiaries) represent not less than 10 per cent. of the consolidated EBITDA of the Issuer, or, as the case may be, the consolidated Total Assets of the Issuer, as the case may be; and/or

(ii) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon: (1) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary; and (2) the transferee Subsidiary shall immediately become a Material Subsidiary, provided that on or after the date on which the relevant audited financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary shall be determined pursuant to the provisions of paragraph (i) above,

provided that if any acquisition or disposal has occurred after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer relate, in applying each of the above tests the reference in the relevant defined terms to the latest audited consolidated financial statements shall be deemed to be a reference to such audited consolidated financial statements as if the relevant acquisition or disposal had been reflected in such audited consolidated financial statements by reference (where applicable) to any relevant Subsidiary's then latest relevant financial statements (consolidated in the case of a Subsidiary which itself has subsidiaries), adjusted as set out in the immediately following paragraph.

A report by two duly authorised officers of the Issuer, that in their opinion (making such adjustments (if any) as they shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Trustee and the Noteholders.

11. **Meetings of Noteholders, Modification, Waiver and Substitution**

(a) ***Meetings of Noteholders***

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia;* (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes; (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes; (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes (other than in accordance with Condition 5(h)); (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is specified in the applicable Final Terms (or Pricing Supplement, as applicable), to reduce any such Minimum and/or Maximum; (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount, the Make Whole Amount or the Change of Control Redemption Amount, including the method of calculating the Amortised Face Amount; (vi) to vary the currency or currencies of payment or denomination of the Notes; (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution; or (viii) to change the governing law of the Notes, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution may be in writing signed by or on behalf of the Noteholders holding not less than 90 per cent. in nominal amount of the Notes outstanding (a "**Written Resolution**"). Such Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. Further, the Trust Deed provides that, where the Notes are held by or on behalf of a clearing system or clearing systems, approval of a resolution proposed by the Issuer or the Trustee (as the case may be) may be given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) to the Issuing and Paying Agent or another specified agent and/or the Trustee in accordance with the operating rules and procedures of the relevant clearing system(s) by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes then outstanding (an "**Electronic Consent**"). Any Written Resolution or Electronic Consent shall take effect as an Extraordinary Resolution and will be binding on all Noteholders and holders of Coupons, Receipts and Talons, whether or not they participated in such Written Resolution or Electronic Consent.

(b) ***Modification of the Trust Deed and Waiver***

The Trustee may, without the consent of the Noteholders or Couponholders; (i) agree to any modification of any of the provisions of the Trust Deed that is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error; (ii) agree to any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed; and (iii) determine that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such if in the case of (ii) and (iii), in the opinion of the Trustee, it is not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified by the Issuer to the Noteholders as soon as practicable.

In addition, subject to Condition 5(h), the Trustee and the Agents shall be obliged to agree to such modifications to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to Condition 5(h) in connection with effecting any Alternative Reference Rate, Successor Rate, Adjustment Spread or related changes referred to in Condition 5(h) without the requirement for the consent or approval of the Noteholders or Couponholders.

(c) ***Substitution***

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

(d) ***Entitlement of the Trustee***

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

## 12. Enforcement

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

## 13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

## 14. Replacement of Notes, Receipts, Coupons and Talons

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

15. **Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with an outstanding series. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

16. **Notices**

Notices to the holders of Registered Notes shall be mailed to them (or, in the case of joint holders, to the first named) at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Any such notice will be deemed to have been given on the first date of such publication. Notices to holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the "*Financial Times*"). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. The Issuer shall also ensure that notices are duly published in a manner that complies with any other relevant rules of any stock exchange or other relevant authority on which the Notes are for the time being or by which they have for the time being admitted to trading.

Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

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

17. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18. **Governing Law and Dispute Resolution**

(a) ***Governing Law***

The Trust Deed, the Notes, the Receipts, the Coupons and the Talons, and any non-contractual obligations arising out of or in connection with them, shall be governed by, and shall be construed in accordance with, English law.

(b) ***Arbitration***

Without limiting the rights of the Noteholders under Condition 18(c), any dispute, claim, difference or controversy arising out of, relating to, or having any connection with the Trust Deed, the Notes, the Receipts, the Coupons and the Talons (including any dispute regarding their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them (a "**Dispute**")) shall be referred to and finally resolved by arbitration under the London Court of International Arbitration ("**LCIA**") Rules (the "**Rules**"), which rules (as amended from time to time) are deemed to be incorporated by reference into this Condition 18(b). For these purposes:

(i) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party to the Dispute and shall be an attorney experienced in international securities transactions. The parties to the Dispute shall each nominate one arbitrator and both arbitrators in turn shall appoint a further arbitrator who shall be the chairman of the tribunal. In cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly, and the class of respondents jointly shall each nominate one arbitrator. If one party or both fails to nominate an arbitrator within the time limits specified by the Rules, such arbitrator(s) shall be appointed by the LCIA. If the party nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed by the LCIA;

(ii) the seat of arbitration shall be London, England; and

(iii) the language of the arbitration shall be English.

(c) ***Jurisdiction***

Notwithstanding Condition 18(b), the Trustee (or, but only where permitted to take action in accordance with the terms of the Trust Deed, any Noteholder) may, in the alternative, and at its sole discretion, by notice in writing to the Issuer require that a dispute be heard by the courts of England.

If the Trustee (or any Noteholder) gives such notice, the Dispute to which such notice refers shall be determined in accordance with this Condition 18(c) and, subject as provided below, any arbitration commenced under Condition 18(b) in respect of that Dispute will be terminated. Each person who gives such notice and the recipient of that notice will bear its own costs in relation to the terminated arbitration.

If any notice to terminate is given after service of any Request for Arbitration in respect of any Dispute, the Trustee (or the relevant Noteholder) must also within 28 days of service of a Request for Arbitration give notice to the LCIA Court and to any Tribunal (each as defined in the Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:

(i) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;

(ii) his entitlement to be paid his proper fees and disbursements; and

(iii) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

If notice is delivered to the Issuer in accordance with this Condition 18(c), the courts of England are to have jurisdiction to settle any such dispute and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons in respect of Notes ("**Proceedings**") may be brought in such courts.

The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and waived any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient or inappropriate forum.

This Condition 18(c) is for the benefit of the Trustee, for and on behalf of the Noteholders and the Couponholders, only. As a result, and notwithstanding the remainder of this Condition 18(c), the Trustee may bring Proceedings in any other courts with jurisdiction. To the extent allowed by law, the Trustee may take concurrent Proceedings in any number of jurisdictions.

(d) ***Service of Process***

The Issuer has in the Trust Deed irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

(e) ***Waiver***

The Issuer irrevocably agrees that, should any Proceedings be taken anywhere (whether for any injunction, specific performance, damages or otherwise), no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) in relation to those Proceedings (including without limitation, immunity from the jurisdiction of any court or tribunal, suit, service of process, injunctive or other interim relief, any order for specific performance, any order for recovery of land, any attachment (whether in aid of execution, before judgment or otherwise) of its assets, any process for execution of any award or judgment or other legal process) shall be claimed by it or on its behalf or with respect to its assets, any such immunity being irrevocably waived. The Issuer irrevocably agrees that it and its assets (irrespective of its use or intended use) are, and shall be, subject to such Proceedings, attachment or execution in respect of its obligations under the Notes or the Trust Deed. Notwithstanding the foregoing, the Issuer makes no representation as to whether Dubai Law No. 10 of 2005 (*Government Lawsuits Amendment*) and/or Article 106 of Cabinet Resolution 57 of 2018 will apply to its assets, revenue or property.

(f) ***Consent***

The Issuer irrevocably and generally consents in respect of any Proceedings anywhere to the giving of any relief or the issue of any process in connection with those Proceedings including, without limitation, the making, enforcement or execution against any assets whatsoever (irrespective of their use or intended use) of any order or judgment which may be made or given in those Proceedings.

## USE OF PROCEEDS

The Issuer will apply the net proceeds from the issue of each Tranche of Notes for general corporate purposes, including the refinancing of any indebtedness, or as otherwise described in the applicable Final Terms (or Pricing Supplement, as applicable).

## CAPITALISATION

The following table shows cash and cash equivalents, current financial indebtedness and the capitalisation of the Group (equal to total non-current financial indebtedness plus shareholders' equity) as at 30 June 2019 extracted from the DPW H1 2019 Unaudited Financial Statements.

| | **As at 30 June 2019** |
|---|---|
| | *(U.S. dollars in thousands)* |
| **Cash and cash equivalents** | **2,049,806** |
| ***Current financial indebtedness:*** | |
| Current bank debt | 631,222 |
| Bonds issued | 498,956 |
| Other current financial debt | — |
| **Total current financial indebtedness** | **1,130,179** |
| ***Non-current financial indebtedness:*** | |
| Non-current bank debt | 5,304,662 |
| Bonds issued | 7,068,982 |
| Other non-current financial indebtedness | — |
| **Total non-current financial indebtedness** | **12,363,645** |
| ***Equity:*** | |
| Shareholders' reserve | 6,132,655 |
| Retained earnings | 7,639,914 |
| Other equity | (2,525,238) |
| Non-controlling interests | 880,759 |
| **Total equity** | **12,128,090** |
| **Total capitalisation** | **24,491,735** |

There has been no material change in the capitalisation of the Group since 30 June 2019, except for the issue of U.S.$1,000,000,000 trust certificates due 2029 and the issue of U.S.$300,000,000 5.625 per cent. Notes due 2048 in July 2019.

## SELECTED FINANCIAL INFORMATION OF THE GROUP

*The selected consolidated financial data of the Group: (i) as at and for the six months ended 30 June 2019 and the six months ended 30 June 2018 have been derived from the DPW H1 2019 Unaudited Financial Statements; (ii) as at and for the year ended 31 December 2018 and the year ended 31 December 2017 have been derived from the DPW 2018 Financial Statements; and (iii) as at and for the year ended 31 December 2016 have been derived from the DPW 2017 Financial Statements, in each case appearing elsewhere in this Base Prospectus.*

*The selected consolidated financial data set forth below should be read in conjunction with, and is qualified by reference to, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the DPW Financial Statements. The results of operations for any period are not necessarily indicative of the results to be expected for any future period.*

### Consolidated Profit and Loss Information

For the purposes of the information set out below, SDIs represent those items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, the Group believes merit separate presentation to allow users to understand better the elements of financial performance in the period, so as to facilitate a comparison with prior periods and a better assessment of trends in financial performance. See Note 8 (*Separately disclosed items*) to the DPW H1 2019 Unaudited Financial Statements, Note 9 (*Separately disclosed items*) to the DPW 2018 Financial Statements, Note 9 (*Separately disclosed items*) to the DPW 2017 Financial Statements for further information regarding SDIs and "*Presentation of Certain Financial and Other Information – Non-IFRS Measures, Separately Disclosed Items and Alternative Performance Measures*".

| | **Six months ended 30 June** | | | | | |
|---|---|---|---|---|---|---|
| | **2019** | | | **2018** | | |
| | **Before separately disclosed items** | **Separately disclosed items** | **Total** | **Before separately disclosed items** | **Separately disclosed items** | **Total** |
| | | | *(U.S. dollars in thousands)* | | | |
| Revenue | 3,463,246 | — | 3,463,246 | 2,625,599 | — | 2,625,599 |
| Cost of sales | (1,920,386) | — | (1,920,386) | (1,411,079) | — | (1,411,079) |
| **Gross profit** | **1,542,860** | — | **1,542,860** | **1,214,520** | — | **1,214,520** |
| General and administrative expenses | (487,076) | (12,561) | (499,637) | (364,228) | — | (364,228) |
| Other income | 17,575 | — | 17,575 | 24,701 | — | 24,701 |
| Share of profit/(loss) from equity-accounted investees (net of tax) | 86,490 | — | 86,490 | 87,853 | (5,744) | 82,109 |
| **Results from operating activities** | **1,159,849** | **(68,183)** | **1,091,666** | **962,846** | **(5,744)** | **957,102** |
| Finance income | 54,202 | 13,953 | 68,155 | 63,729 | 65,017 | 128,746 |
| Finance costs | (372,627) | (18,975) | (391,602) | (292,264) | (10,906) | (303,170) |
| **Net finance costs** | **(318,425)** | **(5,022)** | **(323,447)** | **(228,535)** | **54,111** | **(174,424)** |
| **Profit before tax** | **841,424** | **(73,205)** | **768,219** | **734,311** | **48,367** | **782,678** |
| Income tax expense | (88,016) | — | (88,016) | (105,722) | — | (105,722) |
| **Profit for the period** | **753,408** | **(73,205)** | **680,203** | **628,589** | **48,367** | **676,956** |
| ***Profit attributable to:*** | | | | | | |
| Owners of the Company | 752,619 | (71,477) | 681,142 | 593,444 | 48,367 | 641,811 |
| Non-controlling interests | 789 | (1,728) | (939) | 35,145 | — | 35,145 |

| | Year ended 31 December | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2018 | | | 2017 | | | 2016 | | |
| | Before separately disclosed items | Separately disclosed items | Total | Before separately disclosed items | Separately disclosed items | Total | Before separately disclosed items | Separately disclosed items | Total |
| | *(U.S. dollars in thousands)* | | | | | | | | |
| Revenue | 5,646,280 | — | 5,646,280 | 4,714,733 | 14,053 | 4,728,786 | 4,163,325 | 68,243 | 4,231,568 |
| Cost of sales | (3,138,749) | — | (3,138,749) | (2,359,467) | (14,053) | (2,373,520) | (2,010,490) | (68,243) | (2,078,733) |
| **Gross profit** | **2,507,531** | — | **2,507,531** | **2,355,266** | — | **2,355,226** | **2,152,835** | — | **2,152,835** |
| General and administrative expenses | (738,233) | (56,264) | (794,497) | (693,878) | (14,699) | (708,577) | (628,411) | (776) | (629,187) |
| Other income | 56,595 | — | 56,595 | 51,844 | 3,433 | 55,277 | 49,301 | 3,878 | 53,179 |
| (Loss) on sale and termination of business | — | (3,591) | (3,591) | — | (28,234) | (28,234) | (2,966) | (12,524) | (15,490) |
| Share of profit/(loss) from equity-accounted investees (net of tax) | 165,067 | (9,578) | 155,489 | 123,592 | 4,172 | 127,764 | 149,435 | (2,957) | 146,478 |
| **Results from operating activities** | **1,990,960** | **(69,433)** | **1,921,527** | **1,836,824** | **(35,328)** | **1,801,496** | **1,720,194** | **(12,379)** | **1,707,815** |
| Finance income | 141,328 | 127,916 | 269,244 | 95,540 | 550 | 96,090 | 100,247 | 47,462 | 147,709 |
| Finance costs | (575,891) | (33,656) | (609,547) | (425,410) | (98,100) | (523,510) | (438,357) | (139,521) | (577,878) |
| **Net finance costs** | **(434,563)** | **94,260** | **(340,303)** | **(329,870)** | **(97,550)** | **(427,420)** | **(338,110)** | **(92,059)** | **(430,169)** |
| **Profit before tax** | **1,556,397** | **24,827** | **1,581,224** | **1,506,954** | **(132,878)** | **1,374,076** | **1,382,084** | **(104,438)** | **1,277,646** |
| Income tax expense | (223,607) | — | (223,607) | (144,406) | 101,076 | (43,330) | (122,579) | — | (122,579) |
| **Profit for the year** | **1,332,790** | **24,827** | **1,357,617** | **1,362,548** | **(31,802)** | **1,330,746** | **1,259,505** | **(104,438)** | **1,155,067** |
| ***Profit attributable to:*** | | | | | | | | | |
| Owners of the Company | 1,270,116 | 26,365 | 1,296,481 | 1,208,517 | (31,802) | 1,176,715 | 1,126,554 | (102,300) | 1,024,254 |
| Non-controlling interest | 62,674 | (1,538) | 61,136 | 154,031 | — | 154,031 | 132,951 | (2,138) | 130,813 |

## *Profit and loss data by geographic segment*

| | Six months ended 30 June | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2019 | | | 2018 | | | |
| | Revenue | Profit for the period | Profit for the period before separately disclosed items | Revenue | Revenue before separately disclosed items | Profit for the period | Profit for the period before separately disclosed items |
| | *(U.S. dollars in thousands)* | | | | | | |
| Middle East, Europe and Africa | 2,508,289 | 1,051,822 | 1,057,822 | 1,925,174 | 1,844,657 | 741,991 | 747,735 |
| Australia and Americas | 628,938 | 61,425 | 92,497 | 430,467 | 430,467 | 108,603 | 108,603 |
| Asia-Pacific and Indian Subcontinent | 326,019 | 105,473 | 136,585 | 269,958 | 350,475 | 181,581 | 181,581 |
| Head office | — | (538,517) | (533,496) | — | — | (355,219) | (409,330) |
| **Total** | **3,463,246** | **680,203** | **753,408** | **2,625,599** | **2,625,599** | **676,956** | **628,589** |

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | | 2017 | | 2016 | |
| | Revenue | Revenue before separately disclosed items | Revenue | Revenue before separately disclosed items | Revenue | Revenue before separately disclosed items |
| | *(U.S. dollars in thousands)* | | | | | |
| Middle East, Europe and Africa | 3,851,725 | 3,851,725 | 3,284,363 | 3,284,363 | 3,071,052 | 3,071,052 |
| Australia and Americas | 961,146 | 961,146 | 762,151 | 762,151 | 659,020 | 659,020 |
| Asia-Pacific and Indian Subcontinent | 833,409 | 833,409 | 682,272 | 668,219 | 501,496 | 433,253 |
| Head office | — | — | — | — | — | — |
| **Total** | **5,646,280** | **5,646,280** | **4,728,786** | **4,714,733** | **4,231,568** | **4,163,325** |

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | | 2017 | | 2016 | |
| | Profit/(loss) for the year | Profit before separately disclosed items | Profit/(loss) for the year | Profit before separately disclosed items | Profit/(loss) for the year | Profit before separately disclosed items |
| | (U.S. dollars in thousands) | | | | | |
| Middle East, Europe and Africa | 1,398,996 | 1,428,476 | 1,500,840 | 1,490,471 | 1,391,914 | 1,400,085 |
| Australia and Americas | 220,126 | 222,926 | 165,055 | 197,439 | 217,739 | 215,663 |
| Asia-Pacific and Indian Subcontinent | 475,253 | 485,996 | 319,916 | 333,229 | 242,932 | 249,216 |
| Head office | (736,758) | (804,608) | (655,065) | (658,591) | (697,518) | (605,459) |
| **Total** | **1,357,617** | **1,332,790** | **1,330,746** | **1,362,548** | **1,155,067** | **1,259,505** |

## Consolidated Financial Position Information

| | As at 30 June | As at 31 December | | |
|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2016 |
| | (U.S. dollars in thousands) | | | |
| **Total non-current assets** | **26,351,658** | **22,143,136** | **20,668,387** | **18,532,469** |
| ***Current assets:*** | | | | |
| Cash and cash equivalents | 2,049,806 | 2,614,710 | 1,483,679 | 1,299,391 |
| Other current assets[1] | 1,963,612 | 1,755,493 | 961,824 | 872,469 |
| **Total current assets** | **4,013,418** | **4,370,203** | **2,445,503** | **2,171,860** |
| **Total assets** | **30,365,076** | **26,513,339** | **23,113,890** | **20,704,329** |
| **Total equity** | **12,128,090** | **11,998,918** | **11,625,362** | **9,519,685** |
| ***Non-current liabilities:*** | | | | |
| Interest bearing loans and borrowings | 12,363,645 | 10,065,388 | 7,287,136 | 6,874,777 |
| Other non-current liabilities[2] | 2,121,481 | 1,680,191 | 1,850,012 | 1,764,669 |
| **Total non-current liabilities** | **14,485,126** | **11,745,579** | **9,137,148** | **8,639,446** |
| ***Current liabilities:*** | | | | |
| Interest bearing loans and borrowings | 1,130,179 | 354,375 | 300,708 | 743,482 |
| Accounts payable and accruals | 2,476,898 | 2,305,727 | 1,947,781 | 1,663,809 |
| Other current liabilities[3] | 144,783 | 108,740 | 102,891 | 137,907 |
| **Total current liabilities** | **3,751,860** | **2,768,842** | **2,351,380** | **2,545,198** |
| **Total liabilities** | **18,236,986** | **14,514,421** | **11,488,528** | **11,184,644** |
| **Total equity and liabilities** | **30,365,076** | **26,513,339** | **23,113,890** | **20,704,329** |

(1) Other current assets includes inventories, properties held for development and sale, and accounts receivable and prepayments.

(2) Other non-current liabilities includes loans from non-controlling shareholders, accounts payable and accruals, deferred tax liabilities, employees' end of service benefits, and pension and post-employment benefits.

(3) Other current liabilities includes loans from non-controlling shareholders, income tax liabilities, and pension and post-employment benefits.

## Consolidated Cash Flow Information

| | Six months ended 30 June | | Year ended 31 December | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2018 | 2017 | 2016 |
| | (U.S. dollars in thousands) | | | | |
| Net cash provided by operating activities | 1,045,600 | 869,952 | 1,951,490 | 2,207,873 | 1,844,537 |
| Net cash (used in) investing activities | (965,174) | (1,007,755) | (2,107,063) | (585,985) | (1,258,877) |
| Net cash from/(used in) financing activities | (640,765) | 189,535 | 1,326,859 | (1,481,385) | (701,274) |
| **Net increase/(decrease) in cash and cash equivalents** | **(560,339)** | **51,732** | **1,171,286** | **140,503** | **(115,614)** |
| Cash and cash equivalents at 1 January | 2,614,710 | 1,483,679 | 1,483,679 | 1,299,391 | 1,436,595 |
| Effect of exchange rate fluctuation on cashflow | (4,565) | (23,248) | (40,255) | 43,785 | (21,590) |
| **Cash and cash equivalents at period end** | **2,049,806** | **1,512,163** | **2,614,710** | **1,483,679** | **1,299,391** |

## Selected Other Operating and Financial Data

### *EBITDA and Adjusted EBITDA*

| | Six months ended 30 June | | Year ended 31 December | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2018 | 2017 | 2016 |
| | (U.S. dollars in thousands) | | | | |
| ***Calculation of EBITDA and Adjusted EBITDA:*** | | | | | |
| Profit after tax | 680,203 | 676,956 | 1,357,617 | 1,330,746 | 1,155,067 |
| Finance costs | 372,627 | 292,264 | 575,891 | 425,410 | 438,357 |
| Finance income | (54,202) | (63,729) | (141,328) | (95,540) | (100,247) |
| Income tax expense | 88,016 | 105,722 | 223,607 | 144,406 | 122,579 |
| Depreciation and amortisation | 451,426 | 358,669 | 817,035 | 632,210 | 542,883 |
| **EBITDA(1)** | **1,538,070** | **1,369,882** | **2,832,822** | **2,437,232** | **2,158,639** |
| Separately disclosed items(2) | 73,205 | (48,367) | (24,827) | 31,802 | 104,438 |
| **Adjusted EBITDA(3)** | **1,611,275** | **1,321,515** | **2,807,995** | **2,469,034** | **2,263,077** |
| **Adjusted EBITDA margin(4)** | **46.5** | **50.3** | **49.7** | **52.4** | **54.4** |

(1) EBITDA, a measure used by the Company's management to measure operating performance, is defined as profit after tax from continuing operations plus finance costs (net of finance income), income tax, depreciation and amortisation. EBITDA includes the Group's share of profit from associates and joint ventures (see further "*Presentation of Certain Financial and Other Information – Non-IFRS Measures*").

(2) See Note 8 (*Separately disclosed items*) to the DPW H1 2019 Unaudited Financial Statements, Note 9 (*Separately disclosed items*) to the DPW 2018 Financial Statements and Note 9 (*Separately disclosed items*) to the DPW 2017 Financial Statements for further information regarding SDIs.

(3) Adjusted EBITDA is defined as EBITDA further adjusted to remove the impact of SDIs. Adjusted EBITDA includes the Group's share of profit from associates and joint ventures (see further "*Presentation of Certain Financial and Other Information – Non-IFRS Measures*").

(4) Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue.

| | Six months ended 30 June | | Year ended 31 December | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2018 | 2017 | 2016 |
| | (U.S. dollars in thousands) | | | | |
| ***Adjusted EBITDA by segment(1):*** | | | | | |
| Middle East, Europe and Africa | 1,362,316 | 998,270 | 2,013,863 | 1,917,640 | 1,791,269 |
| Australia and Americas | 188,178 | 166,444 | 340,151 | 291,485 | 293,052 |
| Asia-Pacific and Indian Subcontinent | 183,367 | 226,884 | 591,956 | 434,989 | 316,476 |
| Head office | (122,586) | (70,083) | (137,975) | (175,080) | (137,720) |
| **Total** | **1,611,275** | **1,321,515** | **2,807,995** | **2,469,034** | **2,263,077** |

(1) Adjusted EBITDA is defined as EBITDA further adjusted to remove the impact of SDIs. Adjusted EBITDA includes the Group's share of profit from associates and joint ventures (see further "*Presentation of Certain Financial and Other Information – Non-IFRS Measures*"). See Note 5 (*Segment information*) to the DPW H1 2019 Unaudited Financial Statements, Note 4 (*Segment information*) to the DPW 2018 Financial Statements and Note 4 (*Segment information*) to the DPW 2017 Financial Statements for further information regarding SDIs.

### *Revenue by activities*

As the Group's operations have changed over time the Group has adapted how it categorises the make-up of its revenue.

| | Six months ended 30 June | |
|---|---|---|
| | 2019 | 2018 |
| | (U.S. dollars in thousands) | |
| Revenue from ports and terminals | 2,321,138 | 1,940,149 |
| Lease rentals and services from economic zones | 291,327 | 291,955 |
| Drydocking and logistics services | 850,781 | 393,495 |
| **Total** | **3,463,246** | **2,625,599** |

| | Year ended 31 December | |
|---|---|---|
| | 2018 | 2017 |
| | (U.S. dollars in thousands) | |
| Revenue from ports and terminals | 4,295,950 | 4,128,667 |
| Service concessions revenue | — | 14,053 |
| Lease rentals and services from economic zones | 726,234 | 586,066 |
| Drydocking and logistics services | 624,096 | — |
| **Total** | **5,646,280** | **4,728,786** |

| | Year ended 31 December | |
|---|---|---|
| | 2017 | 2016 |
| | (U.S. dollars in thousands) | |
| Containerised stevedoring revenue | 1,856,806 | 1,535,059 |
| Containerised other revenue | 1,450,110 | 1,315,186 |
| Non-containerised revenue | 821,751 | 759,516 |
| Service concession revenue | 14,053 | 68,243 |
| Lease rentals and related services | 586,066 | 553,564 |
| **Total** | **4,728,786** | **4,231,568** |

## *Certain other operating and financial measures*

| | As at and for the six months ended 30 June | | As at and for the year ended 31 December | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2018 | 2017 | 2016 |
| | (U.S. dollars in thousands, except ratios) | | | | |
| ***Calculation of Net Debt:*** | | | | | |
| Interest bearing loans and borrowings – current | 1,130,179 | 1,661,744 | 354,375 | 300,708 | 743,482 |
| Interest bearing loans and borrowings – non-current | 12,363,645 | 7,314,379 | 10,065,388 | 7,287,136 | 6,874,777 |
| **Total debt** | **13,493,824** | **8,976,123** | **10,419,763** | **7,587,844** | **7,618,259** |
| Cash and cash equivalents at period end | (2,049,806) | (1,512,163) | (2,614,710) | (1,483,679) | (1,299,391) |
| **Net Debt[(1)]** | **11,444,018** | **7,463,960** | **7,805,053** | **6,104,165** | **6,318,868** |
| Net finance costs before SDIs[(2)] | 318,425 | 228,535 | 434,563 | 329,870 | 338,110 |
| Adjusted EBITDA[(3)] | 1,611,275 | 1,321,515 | 2,807,995 | 2,469,034 | 2,263,077 |
| Net Debt to Adjusted EBITDA[(4)] | 7.1x | 5.6x | 2.8x | 2.5x | 2.8x |
| Interest Cover[(5)] | 5.1x | 5.8x | 6.5x | 7.5x | 6.7x |

(1) "**Net Debt**" is calculated by taking total debt less cash and cash equivalents at period end. See "*Presentation of Certain Financial and Other Information – Non-IFRS Measures, Separately Disclosed Items and Alternative Performance Measures*".

(2) Refers to finance cost less finance income, in each case before SDIs. See Note 8 (*Separately disclosed items*) to the DPW H1 2019 Unaudited Financial Statements, Note 9 (*Separately disclosed items*) to the DPW 2018 Financial Statements and Note 9 (*Separately disclosed items*) to the DPW 2017 Financial Statements for further information regarding SDIs.

(3) See "*Selected Financial Information of the Group – Selected other financial and operating data – EBITDA and Adjusted EBITDA*".

(4) Calculated by dividing Net Debt by Adjusted EBITDA.

(5) "**Interest Cover**" is calculated by dividing Adjusted EBITDA by net finance costs before SDIs.

| | As at 30 June | | As at 31 December | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2018 | 2017 | 2016 |
| | (TEU in thousands) | | | | |
| ***Consolidated throughput by segment:*** | | | | | |
| Middle East, Europe and Africa | 11,662 | 12,158 | 22,585 | 22,889 | 21,279 |
| Australia and Americas | 3,148 | 1,994 | 4,157 | 3,567 | 3,003 |
| Asia-Pacific and Indian Subcontinent | 4,685 | 4,425 | 10,019 | 10,020 | 4,957 |
| **Consolidated throughput** | **19,495** | **18,577** | **36,761** | **36,476** | **29,239** |

| | Like-for-Like change[1] | | |
|---|---|---|---|
| | **As at and for the six months ended 30 June 2019 compared to as at and for the six months ended 30 June 2018** | **As at and for the year ended 31 December 2018 compared to as at and for the year ended 31 December 2017** | **As at and for the year ended 31 December 2017 compared to as at and for the year ended 31 December 2016** |
| | | *(%)* | |
| Gross throughput | 0.5 | 2.9 | 9.7 |
| Consolidated throughput | (1.7) | 1.4 | 6.2 |
| Revenue | 10.8 | 4.2 | 6.0 |
| Share of profit from equity-accounted investees | (3.3) | 17.3 | 31.2 |
| Adjusted EBITDA | 9.9 | 6.6 | 8.0 |
| Adjusted EBITDA margin | 51.4 | 54.1 | 53.2 |
| Profit for the period | 19.0 | 1.8 | 12.0 |
| Profit for the period attributable to owners of the Company | 22.2 | 7.6 | 15.1 |

(1) See "*Presentation of Certain Financial and Other Information – Non-IFRS Measures, Separately Disclosed Items and Alternative Performance Measures*" for information regarding the calculation of Like-for-Like figures.

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

*The following discussion of the Group's financial condition and results of operations should be read in conjunction with the information in "Presentation of Certain Financial and Other Information", "Selected Consolidated Financial Data" and the DPW Financial Statements appearing elsewhere in this Base Prospectus.*

*This discussion and analysis contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Base Prospectus, particularly under the headings "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements".*

## Overview

The Group is a leading enabler of global trade and an integral part of the supply chain. The Group operates multiple yet related businesses spanning marine and inland terminals, maritime services, logistics and ancillary services and technology-driven trade solutions. The Group organises its business into three divisions: (i) port and terminals; (ii) PLEZ; and (iii) maritime services.

The ports and terminals division aims to meet the needs of dynamic global supply chains, as the Group develops and operates trade-enabling, strategically located, and state of the art infrastructure and services, including marine terminals, inland terminals, and cruise terminals. The ports and terminals division is the Group's largest division and represented approximately 76.1 per cent. of the Group's revenues for the year ended 31 December 2018.

The PLEZ division aims to provide end-to-end customer experience, by delivering integrated solutions across the containerised value chain, including industrial parks and economic zones as well as logistics services. The PLEZ division represented approximately 12.9 per cent. of the Group's revenues for the year ended 31 December 2018.

The maritime services division aims to complement the Group's global trade services, by providing maritime solutions through a wide portfolio of specialist vessels, river barging, chartering and port services. The maritime services division represented approximately 11.1 per cent. of the Group's revenues for the year ended 31 December 2018.

As at 31 December 2018, the Group managed over 150 operations in over 45 countries across six continents with a significant presence in both high-growth and mature markets. The Group aims to be essential to the future of global trade, ensuring everything it does has a long-lasting positive impact on economies and societies. As at 31 December 2018, the Group's portfolio had a gross capacity of 90.5 million TEU and, for the year ended 31 December 2018, the Group generated gross throughput of 71.4 million TEU, revenue of U.S.$5,646.3 million, profit for the year of U.S.$1,357.6 million and an Adjusted EBITDA of U.S.$2,808.0 million.

For the purposes of financial reporting, the Group has the following three geographical segments:

- Middle East, Europe and Africa – over 70 operations in 27 countries as at 30 June 2019;
- Australia and Americas – over 30 operations in 13 countries as at 30 June 2019; and
- Asia-Pacific and Indian Subcontinent – over 40 operations in nine countries as at 30 June 2019.

## Factors Affecting Financial Condition and Results of Operations

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

### *Volumes (TEU)*

The volume of the Group's TEU is primarily driven by: (i) growth in trade as a result of global economic conditions; and (ii) growth in the Group's capacity.

Global economic conditions can affect the volume of TEU the Group handles and more specific regional economic changes can also affect the volume of TEU on a geographic segment basis. As a result, the Group's volume of TEU in its geographic segments has been affected at different times and to differing degrees by economic conditions. For instance, in 2018 while the Group still grew its gross throughput when compared to 2017, it was at a lower rate as a result of, amongst other factors, the prevailing uncertainty in global trade. Similarly, TEU volumes increased in 2017 across all geographic regions as a result of global trade growth, aided by a weaker U.S. dollar and stronger economic growth in the Eurozone, United States, Japan and emerging Asia, along with robust growth in China. Further, in 2017 the Group's portfolio benefited from an improved trading environment and experienced market share gains from a new shipping alliance. The Group's gross volumes increased 10.1 per cent. in 2017 as compared to a 3.2 increase in 2016. Further, over the last few years the Group has been diversifying away from reliance on TEU and it has become a leading enabler of global trade and an integral part of the supply chain. The Group operates multiple yet related businesses spanning marine and inland terminals, maritime services, logistics and ancillary services and technology-driven trade solutions.

In the first half of 2019, the Group acquired Puerto Central (Chile) and Puerto Lirquen (Chile) which added 1.2 million TEU and 0.6 million TEU of annual capacity, respectively. Also, in the first half of 2019, the Group's concession in Surabaya (Indonesia) with an annual capacity of 2.1 million TEU ended. In 2018, the Group added 2.3 million TEU of gross capacity mainly as a result of new capacity at Maputo (Mozambique), Port of Paita (Peru), Antwerp Gateway (Belgium), and Qingdao New Wianwan Container Terminal (China). In 2017, the Group added 3.6 million TEU of new gross capacity which mainly included Jebel Ali (UAE), London Gateway (U.K.) and Prince Rupert (Canada). These increases reflect the continuation of the Group's substantial investment programme that the Group initiated in 2012, and which has helped the Group to drive stronger top and bottom line growth.

The Group has a portfolio of over 150 operations, together with nine new developments and major expansion projects that are currently underway (see further "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Capital expenditures*").

Gross capacity, gross throughput and utilisation rates of the Group's terminals for the relevant periods are shown in the table below.

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2018** | **2017** | **2016** |
| Gross capacity (in TEU millions)(at period end) | 90.5 | 88.2 | 84.6 |
| Gross throughput (in TEU millions) | 71.4 | 70.1 | 63.7 |
| Gross capacity utilisation (in %) | 78.9 | 79.5 | 75.2 |

***Capacity, utilisation and efficiency***

The Group aims to bring on capacity at its terminals in line with demand to avoid overcapacity. The Group is able to increase its capacity through either expansion of the port or terminal or by increasing the efficiency of the port or terminal. In many jurisdictions where there are ramp-up risks associated with new capacity, the Group is able to seek terms with the port authorities to restrict the granting of additional capacity until a reasonable level of ramp up has been achieved. This effectively balances demand with supply. At certain of its terminals, the Group is not able to expand its operations physically and efficiency improvements are the only means for the Group to increase its capacity and throughput. Conversely, at terminals that could be expanded physically, the Group may use efficiency improvements to incrementally increase capacity until demand reaches a point that justifies the capital expenditure costs associated with physical expansion.

In particular, by operating more efficiently as described below, the Group seeks to generate additional value out of its existing facilities by increasing capacity, which in turn permits increased throughput by making each crane move more profitable. Increased operating efficiency also reduces the Group's cost base as it is able to fully utilise its existing assets and does not need to invest additional capital in the deployment of new assets. Finally, efficient operations help the Group maintain good customer relations and reduce customer defection, thereby maintaining the Group's competitive position.

Increases in operational efficiency can be achieved by, among other things:

- introducing new technologies to speed up processes and reduce labour costs;
- improving landside support to ensure that containers are quickly and efficiently transported to and from the Group's terminals;
- using external depot functions to increase the capacity for container storage;
- actively managing container storage times by incentivising customers to take delivery of containers that have arrived in port as quickly as possible;
- maintaining schedule integrity with respect to vessel calls;
- increasing the number of berthing windows by loading and unloading vessels more quickly; and
- implementing rationalised berth utilisation, which involves arranging the timing of the arrival and departure of different-sized ships to ensure that a maximum of berth length is used.

The Group believes that it operates some of the most productive and efficient terminals in the world by using modern technology and processes, such as the Group's fully automated terminal in Rotterdam World Gateway (The Netherlands) and real-time monitoring of global operations from the Group's corporate head office. The Group has also introduced automation at London Gateway (U.K.) and Jebel Ali (UAE). The Group believes that the maintenance and enhancement of its operations is critically important, as this has a direct impact on the Group's results.

***Origin and destination ("O&D") and transhipment cargo mix***

For the year ended 31 December 2018, approximately 70 per cent. of the Group's gross throughput was O&D. From a revenue perspective, O&D throughput differs from transhipment throughput primarily in that O&D throughput is usually handled most cost-effectively by one port, normally closest to the point of consumption or production, which makes O&D throughput less likely to be lost to competitors and less price-sensitive than transhipment throughput. O&D throughput also provides terminal operators with an opportunity to earn additional revenue by charging for delivery or reception of the container from the shipper or consignee, as well as by providing ancillary services, such as container freight stations and container cleaning. The Group will endeavour to maintain a strong O&D component in each of its terminals or, where this is not possible, obtain volume commitments from shipping lines to make its terminals less susceptible to the loss of transhipment volumes and price deterioration. However, the development of sophisticated route networks by shipping lines, together with the limited number of terminals that can efficiently service the growing number of large container ships, increases the potential for, and attractiveness of, additional transhipment volume in certain locations (see further "*Ports Operation Industry Overview – O&D versus Transhipment – Transhipment*").

***Emerging market focus***

The Group's revenue growth is dependent on the performance of emerging economies. For the year ended 31 December 2018, approximately 75 per cent. of gross throughput in the Group's portfolio of terminals came from countries that are considered to be emerging or frontier markets, which include the Middle East and Africa, South America, South Asia and the Far East (as such terms are defined by the MSCI Frontier and Emerging Market indices). These economies are generally seen to be higher growth areas. According to the IMF, emerging market and developing economies output is projected to grow by 4.4 per cent. in 2019 and by a further 4.8 per cent. in 2020 while, in comparison, the global world output is projected to grow by 3.3 per cent. and 3.6 per cent., respectively, in the same years (*source*: IMF World Economic Outlook, April 2019). In addition, these emerging and developing regions, such as Africa and Latin America, have low containerisation rates compared to more mature markets which creates an opportunity for further expansion to complement the Group's existing operations. This includes the Group's recent investments in Somaliland and Rwanda as well as the consolidation of DP World Santos (Brazil). In the past, the Group's results of operations have been affected by, and the Group expects that its financial results will continue to be affected by, key macroeconomic factors in these emerging economies. See "*Risk Factors – Risks Related to the Group – The Group's results of operations can be adversely impact by declines in global trading volumes*".

***Ability to win concessions***

The Group believes it has a proven history of winning new concessions due to:

- its operating and technical credentials;
- its ability to offer an "integrated port management" model, which combines container handling facilities with economic free zones and infrastructure developments;
- its focus on key government issues such as security and sustainability; and
- its common user status and strong customer relationships.

Attractive concession opportunities will continue to arise globally and, as authorities granting concessions increase barriers to entry, the Group believes that its experience and qualifications will leave it well positioned to continue to win new concessions. In 2018, the Group announced a new concession for the management and development of a greenfield multi-purpose port at Banana (Democratic Republic of Congo) which will be the first deep-sea port in the country. In the same year, the Group also entered into a 20-year concession with the Republic of Mali to build and operate a 1,000 hectare modern logistics hub outside of Bamako which, once fully operational, is expected to be capable of handling 300,000 TEUs.

***Currency risk***

The Group's functional currency is UAE dirhams and its reporting currency is the U.S. dollar. The functional and reporting currency of subsidiaries, affiliates and associates varies depending on their geographic location. Accordingly, the Group is exposed to risks related to the translation of assets and liabilities denominated in currencies other than, or not pegged to, the U.S. dollar. In addition to these translation risks, the Group is exposed to transaction risks as a result of differences in the currency mix of its operating expenses, on the one hand, and revenue, on the other hand. As a result, a depreciation or appreciation of a particular local currency against the U.S. dollar could have either a positive or negative impact on both the group's balance sheet and its profit margin and therefore the Group's profit for the year. For additional discussion of the impact of foreign currency transactions and translations on the Group's results of operations, see Note 27 (*Financial risk management*) to the DPW 2018 Financial Statements and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Quantitative and Qualitative Disclosures about Market Risk – Currency risk*".

***Tax regulation***

Certain of the Group's container terminal operations (for instance, certain terminals located in India, Egypt, Vietnam, Korea, Ecuador, Somaliland, Rwanda and Turkey) benefit from tax "holiday" or similar awards, which exempt the Group from paying tax on its profits or allow it to pay a reduced rate of tax on its profits (in most cases for a specified period of time and in some for a specific taxable amount). Such awards do not extend to the dividend distribution of such profits. In India, the Group also pays a significantly lower rate of customs duties on the Group's imports of capital goods as a result of the Export Promotion Capital Goods ("**EPCG**") Scheme, which reduces the customs duties on imports of capital goods on the basis that certain prescribed levels of exports are achieved. As a result of these tax awards, the Group's overall tax charge is less than it would otherwise be in the absence of such awards. Some of the existing tax awards expire at various times between 2023 and 2031 and, upon their expiration, the Group will be required to pay tax on the Group's profits at the normal rate for the relevant country. In addition, if the Group fails to meet the prescribed level of exports in India under the EPCG Scheme, the Group will be liable to pay the full rate of customs duties on the Group's imports of capital goods.

***Expansion of PLEZ and maritime services***

Historically, the Group was a global ports and terminal operator. Over the last several years, through acquisitions, the Group has begun complementing its ports and terminals business with its PLEZ and maritime services business. These businesses have different cash flow and profitability dynamics to the Group's existing ports and terminals business. For example, logistics businesses typically deliver lower EBITDA margins but are also less capital intensive and generally yield a higher return on capital. As a result as the Group expands these businesses in proportion to its ports and terminals business, the Group's EBITDA margin may decline but its return on capital employed should increase.

***Acquisitions and divestments***

In May 2019, Hindustan Infralog Private Limited (which is a joint venture between the Group and the National Investment and Infrastructure Fund ("**NIIF**")) announced the acquisition of a 76 per cent. stake in KRIBHCO Infrastructure Limited ("**KRIL**"). KRIL operates three major inland container depots/private freight terminals at Pali in Haryana (India), Modinagar in Uttar Pradesh (India) and Hazira in Gujarat (India). KRIL also has a strong presence in India's National Capital Region. The transaction is subject to customary completion conditions and is expected to close in the second half of 2019.

In May 2019, the Group announced the acquisition of Fraser Surrey Docks from Macquarie Infrastructure Partners. Fraser Surrey Docks is a large, multi-purpose marine terminal located in the greater Vancouver area of British Columbia, Canada. The transaction is subject to customary completion conditions and is expected to close in the second half of 2019.

In February 2019, the Group announced its acquisition of the holding company of P&O Ferries and P&O Ferrymasters from Dubai World for a total consideration of U.S.$409 million. P&O Ferries is a pan-European integrated logistics business consisting of: (i) a market leading roll-on rolloff ferries operation; and (ii) a European transportation and logistics solutions provider, P&O Ferrymasters. The transaction was completed in July 2019.

In February 2019, the Group acquired an additional 35.25 per cent. ownership in DP World Australia (Holding) Pty Ltd. As a result of this transaction the Group's equity interest increased from 25 per cent. to 60.25 per cent. Taking control of DP World Australia (Holding) Pty Ltd will enable the Group to develop its container terminal operations and ports logistics services across the Australia region. The acquisition is also expected to provide reduction in overall operating costs through economies of scale.

In January 2019, the Group entered into an agreement to acquire a 99.2 per cent. stake in Puertos y Logistica S.A. (Chile) ("**Pulogsa**") from Minera Valparaiso, other shareholders associated with the Matte Group and minority shareholders. The acquisition was completed in April 2019 for a total consideration of U.S.$499 million. Pulogsa operates a long-term concession for Puerto Central in San Antonio in Chile's Central Region V and also owns and operates Puerto Lirquen in Chile's Southern Region VIII. Pulogsa is listed on the Santiago stock exchange.

In December 2018, the Group acquired a 100 per cent. stake in Unifeeder Group ("**Unifeeder**") for a total consideration of U.S.$600.1 million. Unifeeder is an integrated logistics company which operates the largest and most densely connected common user container feeder, and an important and growing shortsea network, in Europe and serves deep-sea container hubs as well as the intra-Europe container freight market.

In July 2018, the Group acquired a 90 per cent. stake in Continental Warehousing Corporation (Nhava Sheva) Ltd ("**CWCNSL**") through a joint venture between the Group and the NIIF. CWCNSL was founded in 1997 and is a leading integrated multimodal logistics provider of warehousing, container freight stations, inland container depots, private freight terminals and integrated logistics solutions. CWCNSL's logistics network is spread across key strategic locations in India covering a total area of over 400 acres and providing over 660 thousand TEU capacity. In addition, CWCNSL's wholly-owned subsidiary, Delex Cargo India Private Ltd, provides door-to-door logistics solutions including freight forwarding, third-party logistics, express logistics and hub-and-spoke model of delivery across a number of cities.

In May 2018, the Group acquired a 100 per cent. stake in Cosmos Agencia Marítima S.A.C. ("**Cosmos**") for a total consideration of U.S.$224.2 million. Cosmos is based in Peru and owns a fully-integrated logistics service business (Neptunia S.A. and Triton Transport S.A.) that offers end-to-end solutions to its customers. The logistics division offers an integrated platform of solutions in activities related to foreign trade, product storage and distribution, as well as freight services that facilitate development and implementation of industry specific projects. In addition to the maritime and logistics services offered by Cosmos, it also has a 50 per cent. stake in Terminales Portuários Euroandinos S.A. (Peru), which is the second largest container terminal in the country.

In January 2018, the Group acquired a 51 per cent. stake in LBS B.V. ("**LBS**") for a total consideration of U.S.$20.3 million. LBS, in turn, owns a 100 per cent. stake in LB Shipping LLC which is a marine operating company offering towing services in Ukraine.

In January 2018, the Group acquired Maritime World LLC, which owns a 100 per cent. stake in Drydocks World LLC ("**Drydocks**") and Dubai Maritime City ("**DMC**"), for a total consideration of U.S.$405 million. Drydocks World is a market leader in the ship repair business with the largest ship repair yard in the Middle East. The business delivers stable ship and rig repair revenues and has specialist capabilities in niche ship newbuilds and conversions. DMC is a world-class maritime service facility and industrial business zone in a prime location of central Dubai and adjacent to DP World's Port Rashid (Dubai). It is a maritime-focused commercial and industrial park, which extends to 2.3 million sqm on a man-made peninsula and provides EZW additional land as an alternative to the highly-occupied Jebel Ali Free Zone.

In November 2017, the Group acquired the remaining 66.67 per cent. ownership stake in Empresa Brasileira de Terminais Portuários ("**Embraport**") for a total consideration of U.S.$29.2 million. This transaction increased the Group's shareholding to 100 per cent. and the terminal was rebranded to DP World Santos. DP World Santos is the largest Brazilian private multi-modal port terminal and operates in the Port of Santos, which is one of the busiest container port in Latin America and has strategic access to sea, road and rail, with the majority of the cargo destined for São Paulo (Brazil's most populous city).

In July 2017, the Group acquired a 93 per cent. ownership stake in Remolques y Servicios Maritimos, S.L. Group ("**Reyser**") for a total consideration of U.S.$173.8 million. Reyser is a Spanish company providing maritime services internationally since 1966. Reyser's services include harbour towage, mooring, bunkering, diving and environmental support.

In January 2017, the Group monetised two of its Canadian container terminals, located in Vancouver and Prince Rupert, to create an investment vehicle in partnership with Caisse de depot et placement du Québec ("**CDPQ**"). The Group holds a 55 per cent. share in the investment vehicle and CDPQ acquired a 45 per cent. stake for a total consideration of U.S.$640 million. The platform will invest in ports and terminals globally, excluding the UAE, across the life cycle of the asset.

See Note 27 (*Business combinations*) to the DPW H1 2019 Unaudited Financial Statements, Note 24 (*Business combinations*) to the DPW 2018 Financial Statements and Note 23 (*Business combinations*) to the 2017 DPW Financial Statements for more information on the Group's acquisitions.

**Explanation of Key Income Statement Items**

***Revenue***

The Group implemented IFRS 15 with effect from 1 January 2018. Accordingly, revenue is recognised when a customer obtains control of the goods or services. Revenue is recognised to the extent that it is probable that the Group will collect the consideration to which it is entitled. Determining the timing of the transfer of control, i.e., at a point in time or over time, requires judgement. IFRS 15 did not have a significant impact on the Group's accounting for revenue recognition.

The Group's revenue mainly consists of revenue from ports and terminals (including from containerised stevedoring, break bulk and general cargo), service concessions revenue, lease rentals and services from economic zones and drydocking and logistics services. Prior to 2018, the Group presented its revenue as comprising containerised stevedoring revenue, containerised other revenue, non-containerised revenue, service concession revenue and revenue from lease rentals and related services. For further information regarding the services the Group provides, see "*Description of DP World*".

***Cost of sales***

Cost of sales are comprised of costs incurred in connection with the operation, maintenance and security of the Group's facilities and other costs directly attributable to the various services provided by the Group, including related depreciation expense. Major components of cost of sales include labour, the amortisation cost of port concessions, concession fees, royalties payable to port authorities, marine cost of sales, warehousing expenses, transportation expenses, and yard and gate operations expenses.

***General and administrative expenses***

General and administrative expenses include staff costs, facilities rental, travel and entertainment, insurance, advertising, marketing, printing and stationery, communication costs, legal expenses, consultancy costs, IT charges, repair and maintenance costs and other sundry expenses, including related depreciation expense.

***Other income***

Other income includes gain on sale of miscellaneous operating assets and other gain/loss on non-core activities.

***Net finance costs***

Net finance costs include finance costs less finance income. Finance income comprises interest income on funds invested and gains on hedging instruments that are recognised in the consolidated statement of profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings, any unwinding of discounts on provisions, impairment losses recognised on financial assets, losses on hedging instruments that are recognised in the consolidated statement of profit or loss and other net financing expenses in respect of pension plans.

Finance income and expense also includes realised and unrealised exchange gains and losses on monetary assets and liabilities.

***Share of profit/(loss) of equity-accounted investees***

Share of profit/(loss) of equity-accounted investees reflects the Group's share of profits or losses from entities that are associates or joint ventures. The results of operations of associates and joint ventures are not consolidated and, consequently, only the earnings impact of these entities based on the Group's shareholding is incorporated into the Group's results.

***Separately Disclosed Items***

The Group presents, as separately disclosed items on the face of the consolidated statement of profit or loss, those items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow users to understand better, the elements of financial performance in the period, so as to facilitate a comparison with prior periods and a better assessment of trends in financial performance. For more information regarding SDIs, see Note 8 (*Separately disclosed items*) to the DPW H1 2019 Unaudited Financial Statements, Note 9 (*Separately disclosed items*) to the DPW 2018 Financial Statements, Note 9 (*Separately disclosed items*) to the DPW 2017 Financial Statements and "*Presentation of Certain Financial and Other Information – Non-IFRS Measures, Separately Disclosed Items and Alternative Performance Measures*".

**Recent Developments**

On 20 February 2019, the Group announced the acquisition of 100 per cent. ownership in the holding company of P&O Ferries and P&O Ferrymasters (together "**P&O Ferries**") for a purchase consideration of U.S.$409 million. P&O Ferries is a pan-European integrated logistics business consisting of: (i) a market leading roll-on roll-off ferries operation; and (ii) a European transportation and logistics solutions provider, P&O Ferrymasters. The transaction was completed in July 2019 and the related acquisition accounting is in the process of being completed.

On 9 May 2019, the Group announced the acquisition of Fraser Surrey Docks from Macquarie Infrastructure Partners ("**MIP**"). Fraser Surrey Docs is a large, multi-purpose marine terminal located in the greater Vancouver area of British Columbia, Canada. The acquisition will be affected through DP World's Canadian subsidiary, DP World Canada Investment Inc., 45 per cent. of which is owned by Caisse de dépot et placement du Québec ("**CDPQ**"). The acquisition is subject to customary completion conditions and is expected to close before the end of 2019.

On 23 May 2019, Hindustan Infralog Private Limited, a joint venture between the Group and the National Investment and Infrastructure Fund, announced the acquisition of a 76 per cent. stake in KRIBHCO Infrastructure Limited ("**KRIL**"). KRIL operates three major inland container depots/private freight terminals at Pali in Haryana (India), Modinagar in Uttar Pradesh (India) and Hazira in Gujarat (India). KRIL also has a strong presence in India's National Capital Region, including a terminal located on a notified double stack route. The transaction is subject to customary completion conditions and is expected to close in the second half of 2019.

In July 2019, the Group announced the acquisition of 100 per cent. of Topaz Energy and Marine Limited ("**Topaz**") from Renaissance Services SAOG and Standard Chartered Private Equity/Affirma Capital for an enterprise value of U.S.$1,079 million. Topaz is a leading international provider of critical marine logistics and solutions to the global energy industry. It operates a modern and versatile fleet of 117 vessels, predominantly in the Caspian Sea, MENA and West Africa regions. The transaction is subject to customary completion conditions and regulatory approvals and is expected to close in the second half of 2019.

Additionally, in July 2019, the Company issued U.S.$300,000,000 5.625 per cent. Notes due September 2048 (to be consolidated and form a single series with the Original 2048 Notes (as defined below)) under the Programme. Also, in July 2019, the Group issued U.S.$1,000,000,000 Trust Certificates due July 2029 under the Sukuk Programme (as defined below), where holders are entitled to periodic distributions in the amount of 3.875 per cent. of the aggregate face amount of the trust certificates.

## Historical Results of Operations

The discussion and analysis of: (i) the six months ended 30 June 2019 compared to the six months ended 30 June 2018; (ii) the year ended 31 December 2018 compared to the year ended 31 December 2017; and (iii) the year ended 31 December 2017 compared to the year ended 31 December 2016, is based on the DPW Financial Statements.

### *Six months ended 30 June 2019 compared to six months ended 30 June 2018*

The following table shows selected consolidated income statement data for the Group for the periods indicated.

| | Six months ended 30 June | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | | 2018 | | |
| | Before separately disclosed items | Separately disclosed items | Total | Before separately disclosed items | Separately disclosed items | Total |
| | (U.S. dollars in thousands) | | | | | |
| Revenue | 3,463,246 | — | 3,463,246 | 2,625,599 | — | 2,625,599 |
| Cost of sales | (1,920,386) | — | (1,920,386) | (1,411,079) | — | (1,411,079) |
| **Gross profit** | **1,542,860** | — | **1,542,860** | **1,214,520** | — | **1,214,520** |
| General and administrative expenses | (487,076) | (12,561) | (499,637) | (364,228) | — | (364,228) |
| Other income | 17,575 | — | 17,575 | 24,701 | — | 24,701 |
| Loss on disposal and change in ownership of business | — | (55,622) | (55,622) | — | — | — |
| Share of profit/(loss) from equity-accounted investees (net of tax) | 86,490 | — | 86,490 | 87,853 | (5,744) | 82,109 |
| **Results from operating activities** | **1,159,849** | **(68,183)** | **1,091,666** | **962,846** | **(5,744)** | **957,102** |
| Finance income | 54,202 | 13,953 | 68,155 | 63,729 | 65,017 | 128,746 |
| Finance costs | (372,627) | (18,975) | (391,602) | (292,264) | (10,906) | (303,170) |
| **Net finance costs** | **(318,425)** | **(5,022)** | **(323,447)** | **(228,535)** | **54,111** | **(174,424)** |
| **Profit before tax** | **841,424** | **(73,205)** | **768,219** | **734,311** | **48,367** | **782,678** |
| Income tax expense | (88,016) | — | (88,016) | (105,722) | — | (105,722) |
| **Profit for the period** | **753,408** | **(73,205)** | **680,203** | **628,589** | **48,367** | **676,956** |
| ***Profit attributable to:*** | | | | | | |
| Owners of the Company | 752,619 | (71,477) | 681,142 | 593,444 | 48,367 | 641,811 |
| Non-controlling interests | 789 | (1,728) | (939) | 35,145 | — | 35,145 |

*Revenue*

Revenue for the six months ended 30 June 2019 was U.S.$3,463.2 million as compared to U.S.$2,625.6 million for the six months ended 30 June 2018, an increase of U.S.$837.6 million, or 31.9 per cent. The increase in revenue was partially driven by the sale of land to Emaar Development PJSC ("**Emaar**") for a development project in Port Rashid in Dubai. In addition, some revenue growth can be attributed to acquisitions in Chile, the Australia Consolidation and growth in non-containerised revenue. As at 30 June

2019, the Group had over 150 operations. Like-for-like revenue increased by 10.8 per cent. driven by growth in non-container revenue.

Revenue by category

- *Revenue from ports and terminals*: revenue from ports and terminals for the six months ended 30 June 2019 was U.S.$2,321.1 million (representing 67.0 per cent. of the Group's revenue for such period) as compared to U.S.$1,940.1 million for the six months ended 30 June 2018 (representing 73.9 per cent. of the Group's revenue for such period), an increase of U.S.$381.0 million, or 19.6 per cent. The increase was due to an increase in non-container revenues.

- *Lease rentals and services from economic zones*: revenue from lease rentals and services from economic zones for the six months ended 30 June 2019 was U.S.$291.3 million (representing 8.4 per cent. of the Group's revenue for such period) as compared to U.S.$292.0 million for the six months ended 30 June 2018 (representing 11.1 per cent. of the Group's revenue for such period), a decrease of U.S.$0.6 million, or 0.2 per cent. Revenue remained relatively flat reflecting the market conditions in the UAE.

- *Drydocking and logistics services*: revenue from drydocking and logistics services for the six months ended 30 June 2019 was U.S.$850.8 million (representing 24.6 per cent. of the Group's revenue for such period) as compared to U.S.$393.5 million for the six months ended 30 June 2018 (representing 15.0 per cent. of the Group's revenue for such period), an increase of U.S.$457.3 million, or 116.2 per cent. The increase was primarily the result of increased business activity from new acquisitions.

Revenue by geographic segment

The following table presents revenue information regarding the Group's geographic segments for the six months ended 30 June 2019 and the six months ended 30 June 2018.

| | Six months ended 30 June | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | | 2018 | | |
| | **Before separately disclosed items** | **Separately disclosed items** | **Total** | **Before separately disclosed items** | **Separately disclosed items** | **Total** |
| | | | *(U.S. dollars in thousands)* | | | |
| Middle East, Europe and Africa | 2,508,289 | — | 2,508,289 | 1,925,174 | — | 1,925,174 |
| Australia and Americas | 628,938 | — | 628,938 | 430,467 | — | 430,467 |
| Asia-Pacific and Indian Subcontinent | 326,019 | — | 326,019 | 269,958 | — | 269,958 |
| **Revenue** | **3,463,246** | — | **3,463,246** | **2,625,599** | **—** | **2,625,599** |

- *Middle East, Europe and Africa*: revenue for the Middle East, Europe and Africa segment for the six months ended 30 June 2019 was U.S.$2,508.3 million as compared to U.S.$1,925.2 million for the six months ended 30 June 2018, an increase of U.S.$583.1 million, or 30.3 per cent. The increase reflected the acquisition of Unifeeder (Denmark) and the sale of a plot of land to Emaar for a development project in Port Rashid in Dubai. The Group will receive U.S.$450.0 million in six equal instalments of U.S.$75.0 million between the fourth and ninth year following commencement of operations as well as 30 per cent. of future profits. The Group recorded U.S.$300.8 million in revenue reflecting the discounted value of deferred sales consideration. Like-for-Like revenue increased 17.1 per cent., primarily as a result of an increase in higher margin cargo, partially offset by a 3.5 per cent. decrease in Like-for-Like consolidated throughput. As at 30 June 2019, the Group had over 70 operations in the segment.

- *Australia and Americas*: revenue for the Australia and Americas segment for the six months ended 30 June 2019 was U.S.$628.9 million as compared to U.S.$430.5 million for the six months ended 30 June 2018, an increase of U.S.$198.4 million, or 46.1 per cent. The increase reflected a 57.9 per cent. increase in consolidated throughput which was driven by the increase in business activity resulting from the acquisitions of terminals in Chile, Peru and the Australia Consolidation. Like-for-Like revenue decreased 8.2 per cent., primarily as a result of a 5.9 per cent. decrease in Like-for-Like consolidated throughput. As at 30 June 2019, the Group had over 30 operations in the segment.

- *Asia-Pacific and Indian Subcontinent*: revenue for the Asia-Pacific and Indian Subcontinent segment for the six months ended 30 June 2019 was U.S.$326.0 million as compared to U.S.$270.0 million for the six months ended 30 June 2018, an increase of U.S.$56.0 million, or 20.7 per cent. The increase reflected a 5.9 per cent. increase in consolidated throughput, including the acquisition Continental Warehousing Corporation in India. Like-for-Like revenue increased 7.0 per cent., primarily as a result of a 5.9 per cent. increase in Like-for-Like consolidated throughput. As at 31 December 2018, the Group had over 40 operations in the segment.

*Cost of sales*

Cost of sales for the six months ended 30 June 2019 was U.S.$1,920.4 million as compared to U.S.$1,411.1 million for the six months ended 30 June 2018, an increase of U.S.$509.3 million, or 36.1 per cent. The increase was principally due to the increase of business activity resulting from the acquisition of Chile and the Australia Consolidation.

*General and administrative expenses*

General and administrative expenses for the six months ended 30 June 2019 were U.S.$499.6 million as compared to U.S.$364.2 million for the six months ended 30 June 2018, an increase of U.S.$135.4 million, or 37.2 per cent. The six months ended 30 June 2019 included an SDI loss of U.S.$12.6 million which was related to advisory, legal, valuation, professional consulting, general and administrative costs directly related to various business acquisitions in the Group and impairment of an asset in the Middle East, Europe and Africa segment. Overall, the increase in general and administrative expenses was primarily due to and the addition of new entities.

*Loss on disposal and change in ownership of business*

Loss on disposal and change in ownership of business for the six months ended 30 June 2019 was U.S.$55.6 million, which was related to the loss on disposal of equity-accounted investees in the Asia Pacific and Indian subcontinent segment and the loss on re-measurement to fair value of the existing stake resulting from the acquisition of a controlling stake in an equity-accounted investee in the Australia and Americas segment.

*Share of profit from equity-accounted investees*

Share of profit from equity-accounted investees for the six months ended 30 June 2019 was U.S.$86.5 million as compared to U.S.$82.1 million for the six months ended 30 June 2018, an increase of U.S.$4.4 million, or 5.4 per cent. The six months ended 30 June 2018 included an SDI loss of U.S.$5.7 million which was related to transaction costs written-off due to the extinguishment of debt in the Middle East, Europe and Africa segment. Share of profit from equity-accounted investees before SDIs for the six months ended 30 June 2019 was U.S.$86.5 million as compared to U.S.$87.9 million for the six months ended 30 June 2018, a decrease of U.S.$1.4 million, or 1.6 per cent.

*Net finance costs*

Net finance costs for the six months ended 30 June 2019 were U.S.$323.4 million as compared to U.S.$174.4 million for the six months ended 30 June 2018, an increase of U.S.$149.0 million, or 85.4 per cent. The six months ended 30 June 2019 included an SDI loss of U.S.$5.0 million and the six months ended 30 June 2018 included an SDI gain of U.S.$54.1 million, respectively, which were related to the movements based on the re-measured fair value of the derivative liability on the Convertible Bonds (as defined below). Net finance costs before SDIs for the six months ended 30 June 2019 were U.S.$318.4 million as compared to U.S.$228.5 million for the six months ended 30 June 2018, an increase of U.S.$89.9 million, or 39.3 per cent. The increase was primarily as a result of an increase in the balance of the Group's interest bearing loans and borrowings as well as the implementation of IFRS 16.

*Income tax*

Income tax expense for the six months ended 30 June 2019 was U.S.$88.0 million as compared to U.S.$105.7 million for the six months ended 30 June 2018, a decrease of U.S.$17.7 million, or 16.7 per cent. The decrease was principally due to the generation of a larger share of profits in lower tax rate jurisdictions.

*Profit for the period*

For the reasons set out above, profit for the period for the six months ended 30 June 2019 was U.S.$680.2 million as compared to U.S.$677.0 million for the six months ended 30 June 2018, an increase of U.S.$3.2 million, or 0.5 per cent. The six months ended 30 June 2019 included an SDI loss of U.S.$73.2 million while the six months ended 30 June 2018 included an SDI gain of U.S.$48.4 million. Profit for the period before SDIs for the six months ended 30 June 2019 was U.S.$753.4 million as compared to U.S.$628.6 million for the six months ended 30 June 2018, an increase of U.S.$124.8 million, or 19.9 per cent.

The following table presents profit information regarding the Group's geographic segments for the six months ended 30 June 2019 and the six months ended 30 June 2018.

| | **Six months ended 30 June** | | | | | |
|---|---|---|---|---|---|---|
| | **2019** | | | **2018** | | |
| | **Before separately disclosed items** | **Separately disclosed items** | **Total** | **Before separately disclosed items** | **Separately disclosed items** | **Total** |
| | *(U.S. dollars in thousands)* | | | | | |
| Middle East, Europe and Africa | 1,057,822 | (6,000) | 1,051,822 | 747,735 | (5,744) | 741,991 |
| Australia and Americas | 92,497 | (31,072) | 61,425 | 108,603 | — | 108,603 |
| Asia-Pacific and Indian Subcontinent | 136,585 | (31,112) | 105,473 | 181,581 | — | 181,581 |
| Head office | (533,496) | (5,021) | (538,517) | (409,330) | 54,111 | (355,219) |
| **Profit for the period** | **753,408** | **(73,205)** | **680,203** | **628,589** | **48,367** | **676,956** |

- *Middle East, Europe and Africa*: profit for the period for the Middle East, Europe and Africa segment for the six months ended 30 June 2019 was U.S.$1,051.8 million as compared to U.S.$742.0 million for the six months ended 30 June 2018, an increase of U.S.$309.8 million, or 41.8 per cent. Profit for the period before SDIs for the Middle East, Europe and Africa segment for the six months ended 30 June 2019 was U.S.$1,057.8 million as compared to U.S.$747.7 million for the six months ended 30 June 2018, an increase of U.S.$310.1 million, or 41.5 per cent. The increase was primarily due to the sale of a plot of land to Emaar for a development project in Port Rashid in Dubai. The Group will receive U.S.$450.0 million in six equal instalments of U.S.$75.0 million between the fourth and ninth year following commencement of operations as well as 30 per cent. of future profits. The Group recorded U.S.$300.8 million in revenue reflecting the discounted value of deferred sales consideration.

- *Australia and Americas*: profit for the period for the Australia and Americas segment for the six months ended 30 June 2019 was U.S.$61.4 million as compared to U.S.$108.6 million for the six months ended 30 June 2018, a decrease of U.S.$47.2 million, or 43.5 per cent. Profit for the period before SDIs for the Australia and Americas segment for the six months ended 30 June 2019 was U.S.$92.5 million as compared to U.S.$108.6 million for the six months ended 30 June 2018, a decrease of U.S.$16.1 million, or 14.8 per cent. The decrease was primarily due to challenging market conditions in the Americas.

- *Asia-Pacific and Indian Subcontinent*: profit for the period for the Asia-Pacific and Indian Subcontinent segment for the six months ended 30 June 2019 was U.S.$105.5 million as compared to U.S.$181.6 million for the six months ended 30 June 2018, a decrease of U.S.$76.1 million, or 41.9 per cent. Profit for the period before SDIs for the Asia-Pacific and Indian Subcontinent segment for the six months ended 30 June 2019 was U.S.$136.6 million as compared to U.S.$181.6 million for the six months ended 30 June 2018, a decrease of U.S.$45.0 million, or 24.8 per cent. The decrease was primarily due to the release of provisions in 2018 which did not occur in 2019.

- *Head office*: loss for the period for the Head Office segment for the six months ended 30 June 2019 was U.S.$538.5 million as compared to U.S.$355.2 million for the six months ended 30 June 2018, an increase of U.S.$183.3 million, or 51.6 per cent. Loss for the period before SDIs for the Head Office segment for the six months ended 30 June 2019 was U.S.$533.5 million as compared to U.S.$409.3 million for the six months ended 30 June 2018, an increase of U.S.$124.2 million, or 30.3 per cent. The increase was primarily due to net finance costs at the Group level.

***Year ended 31 December 2018 compared to year ended 31 December 2017***

The following table shows selected consolidated income statement data for the Group for the years indicated.

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | | | 2017 | | |
| | **Before separately disclosed items** | **Separately disclosed items** | **Total** | **Before separately disclosed items** | **Separately disclosed items** | **Total** |
| | | | *(U.S. dollars in thousands)* | | | |
| Revenue | 5,646,280 | — | 5,646,280 | 4,714,733 | 14,053 | 4,728,786 |
| Cost of sales | (3,138,749) | — | (3,138,749) | (2,359,467) | (14,053) | (2,373,520) |
| **Gross profit** | **2,507,531** | — | **2,507,531** | **2,355,266** | — | **2,355,226** |
| General and administrative expenses | (738,233) | (56,264) | (794,497) | (693,878) | (14,699) | (708,577) |
| Other income | 56,595 | — | 56,595 | 51,844 | 3,433 | 55,277 |
| (Loss) on sale and termination of business | — | (3,591) | (3,591) | — | (28,234) | (28,234) |
| Share of profit/(loss) from equity-accounted investees (net of tax) | 165,067 | (9,578) | 155,489 | 123,592 | 4,172 | 127,764 |
| **Results from operating activities** | **1,990,960** | **(69,433)** | **1,921,527** | **1,836,824** | **(35,328)** | **1,801,496** |
| Finance income | 141,328 | 127,916 | 269,244 | 95,540 | 550 | 96,090 |
| Finance costs | (575,891) | (33,656) | (609,547) | (425,410) | (98,100) | (523,510) |
| **Net finance costs** | **(434,563)** | **94,260** | **(340,303)** | **(329,870)** | **(97,550)** | **(427,420)** |
| **Profit before tax** | **1,556,397** | **24,827** | **1,581,224** | **1,506,954** | **(132,878)** | **1,374,076** |
| Income tax expense | (223,607) | — | (223,607) | (144,406) | 101,076 | (43,330) |
| **Profit for the year** | **1,332,790** | **24,827** | **1,357,617** | **1,362,548** | **(31,802)** | **1,330,746** |
| ***Profit attributable to:*** | | | | | | |
| Owners of the Company | 1,270,116 | 26,365 | 1,296,481 | 1,208,517 | (31,802) | 1,176,715 |
| Non-controlling interests | 62,674 | (1,538) | 61,136 | 154,031 | — | 154,031 |

*Revenue*

Revenue for the year ended 31 December 2018 was U.S.$5,646.3 million as compared to U.S.$4,728.8 million for the year ended 31 December 2017, an increase of U.S.$917.5 million, or 19.4 per cent. The year ended 31 December 2017 included an SDI gain of U.S.$14.1 million which was related to the revenue on the construction of a port in the Asia-Pacific and Indian Subcontinent segment (the fair value of the construction revenue from this port is equivalent to the construction cost). Revenue before SDIs for the year ended 31 December 2018 was U.S.$5,646.3 million as compared to U.S.$4,714.7 million for the year ended 31 December 2017, an increase of U.S.$931.5 million, or 19.8 per cent. The increase in revenue was mainly driven by the increase in business activity resulting from the acquisitions of Drydocks (UAE), DMC (UAE), Cosmos Agencia Marítima (Peru), Continental Warehousing Corporation (India) and the consolidation of DP World Santos (Brazil). As at 31 December 2018 the Group had over 150 operations.

Revenue by category

- *Revenue from ports and terminals*: revenue from ports and terminals for the year ended 31 December 2018 was U.S.$4,296.0 million (representing 76.1 per cent. of the Group's revenue for such period) as compared to U.S.$4,128.7 million for the year ended 31 December 2017 (representing 87.3 per cent. of the Group's revenue for such period), an increase of U.S.$167.3 million, or 4.1 per cent. The increase was primarily the result of strong revenue growth in Asia-Pacific and Indian Subcontinent segment driven by growth in non-containerised revenue.

- *Service concessions revenue*: service concessions revenue for the year ended 31 December 2018 was nil as compared to U.S.$14.1 million for the year ended 31 December 2017 (representing 0.3 per cent. of the Group's revenue for such period).

- *Lease rentals and services from economic zones*: revenue from lease rentals and services from economic zones for the year ended 31 December 2018 was U.S.$726.2 million (representing 12.9 per cent. of the Group's revenue for such period) as compared to U.S.$586.1 million for the year ended 31 December 2017 (representing 12.4 per cent. of the Group's revenue for such period), an increase of U.S.$140.2 million, or 23.9 per cent. The increase was primarily the result of the acquisition of DMC (UAE).

- *Drydocking and logistics services*: revenue from drydocking and logistics services for the year ended 31 December 2018 was U.S.$624.1 million (representing 11.1 per cent. of the Group's revenue for such period) as compared to nil for the year ended 31 December 2017.

Revenue by geographic segment

The following table presents revenue information regarding the Group's geographic segments for the year ended 31 December 2018 and the year ended 31 December 2017.

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | | | 2017 | | |
| | Before separately disclosed items | Separately disclosed items | Total | Before separately disclosed items | Separately disclosed items | Total |
| | | | *(U.S. dollars in thousands)* | | | |
| Middle East, Europe and Africa | 3,851,725 | — | 3,851,725 | 3,284,363 | — | 3,284,363 |
| Australia and Americas | 961,146 | — | 961,146 | 762,151 | — | 762,151 |
| Asia-Pacific and Indian Subcontinent | 833,409 | — | 833,409 | 668,219 | (14,053) | 682,272 |
| **Revenue** | **5,646,280** | — | **5,646,280** | **4,714,733** | **(14,053)** | **4,728,786** |

- *Middle East, Europe and Africa*: revenue for the Middle East, Europe and Africa segment for the year ended 31 December 2018 was U.S.$3,851.7 million as compared to U.S.$3,284.4 million for the year ended 31 December 2017, an increase of U.S.$567.4 million, or 17.3 per cent. The increase was primarily due to the acquisition of Drydocks (UAE) and DMC (UAE). On average, terminals that contributed to the Group's revenue for the segment as at 31 December 2018 experienced a decrease in consolidated container volume over the previous period of 1.3 per cent. on a Like-for-Like basis, container volumes increased 2.1 per cent. and Like-for-Like revenue increased 1.2 per cent. As at 31 December 2018, the Group had over 70 operations in the segment.

- *Australia and Americas*: revenue for the Australia and Americas segment for the year ended 31 December 2018 was U.S.$961.1 million as compared to U.S.$762.2 million for the year ended 31 December 2017, an increase of U.S.$199.0 million, or 26.1 per cent. The increase reflected a 16.5 per cent. increase in container volumes mainly due to the consolidation of DP World Santos (Brazil). Excluding the new terminals, container volumes decreased 0.1 per cent. and Like-for-Like revenue increased 1.7 per cent., primarily as a result of an increase in higher margin containers. As at 31 December 2018, the Group had over 30 operations in the segment.

- *Asia-Pacific and Indian Subcontinent*: revenue for the Asia-Pacific and Indian Subcontinent segment for the year ended 31 December 2018 was U.S.$833.4 million as compared to U.S.$682.3 million for the year ended 31 December 2017, an increase of U.S.$151.1 million, or 22.2 per cent. The increase was due primarily to the acquisition of Continental Warehousing Corporation (India) and the growth in non-container revenue. On average, terminals that contributed to the Group's revenue for the segment as at 31 December 2018 in terms of consolidated container volume were flat over the previous period. On a Like-for-Like basis, container volumes increased 0.5 per cent. and Like-for-Like revenue increased 21.6 per cent. As at 31 December 2018, the Group had over 40 operations in the segment.

*Cost of sales*

Cost of sales for the year ended 31 December 2018 was U.S.$3,138.7 million as compared to U.S.$2,373.5 million for the year ended 31 December 2017, an increase of U.S.$765.2 million, or 32.2 per cent. The year ended 31 December 2017 included an SDI loss of U.S.$14.1 million which was related to the cost of construction of a port in the Asia-Pacific and Indian Subcontinent segment (the construction cost is equivalent to the fair value of the construction revenue from this port). Cost of sales before SDIs for the year ended 31 December 2018 was U.S.$3,138.7 million as compared to U.S.$2,359.5 million for the year ended 31 December 2017, an increase of U.S.$779.3 million, or 33.0 per cent. The increase was principally due to increases in container volumes and the addition of new entities.

*General and administrative expenses*

General and administrative expenses for the year ended 31 December 2018 were U.S.$794.5 million as compared to U.S.$708.6 million for the year ended 31 December 2017, an increase of U.S.$85.9 million, or 12.1 per cent. General and administrative expenses before SDIs for the year ended 31 December 2018 were U.S.$738.2 million as compared to U.S.$693.9 million for the year ended 31 December 2017, an increase of U.S.$44.4 million, or 6.4 per cent. The increase was primarily due to the addition of new entities.

*Share of profit from equity-accounted investees*

Share of profit from equity-accounted investees for the year ended 31 December 2018 was U.S.$155.5 million as compared to U.S.$127.8 million for the year ended 31 December 2017, an increase of U.S.$27.7 million, or 21.7 per cent. The year ended 31 December 2018 included an SDI loss of U.S.$9.6 million which was related to transaction costs written-off due to the extinguishment of property, plant and equipment in equity-accounted investees in the Middle East, Europe and Africa segment and the loss on termination of a hedge in an equity-accounted investee in the Middle East, Europe and Africa segment, while the year ended 31 December 2017 included an SDI gain of U.S.$4.2 million which was related to the release of deferred tax liability on account of a tax rate change in respect of an equity-accounted investee in the Middle East, Europe and Africa segment and was partially offset by an impairment of goodwill in an equity-accounted investee in the Asia-Pacific and Indian Subcontinent segment. Share of profit from equity-accounted investees before SDIs for the year ended 31 December 2018 was U.S.$165.1 million as compared to U.S.$123.6 million for the year ended 31 December 2017, an increase of U.S.$41.5 million, or 33.6 per cent. The increase was primarily due to the strong performance of the Group's joint ventures, in particular in Asia and Europe.

*Net finance costs*

Net finance costs for the year ended 31 December 2018 were U.S.$340.3 million as compared to U.S.$427.4 million for the year ended 31 December 2017, a decrease of U.S.$87.1 million, or 20.4 per cent. The year ended 31 December 2018 included a SDI gain of U.S.$94.3 million while the year ended 31 December 2017 included a SDI loss of U.S.$77.0 million, in each case, primarily attributable to a change in the fair value of the derivative liability on the Convertible Bonds as well as interest accretion on the Convertible Bonds due to the accretion of the liability component as at the reporting date to the amount that will be payable on redemption of the Convertible Bonds. Net finance costs before SDIs for the year ended 31 December 2018 were U.S.$434.6 million as compared to U.S.$329.9 million for the year ended 31 December 2017, an increase of U.S.$104.7 million, or 31.7 per cent. The increase was primarily as a result of an increase in the balance of the Group's interest bearing loans and borrowings.

*Income tax expense*

Income tax expense for the year ended 31 December 2018 was U.S.$223.6 million as compared to U.S.$43.3 million for the year ended 31 December 2017, an increase of U.S.$180.3 million, or 416.1 per cent. The year ended 31 December 2017 included a SDI gain of U.S.$101.1 million which was related to the release of deferred tax liability on account of a tax rate change. Income tax expense before SDIs for the year ended 31 December 2017 was U.S.$223.6 million as compared to U.S.$144.4 million, an increase of U.S.$79.2 million, or 54.8 per cent. The increase was principally due to a stronger performance within tax paying jurisdictions.

*Profit for the year*

For the reasons set out above, profit for the year ended 31 December 2018 was U.S.$1,357.6 million as compared to U.S.$1,330.7 million for the year ended 31 December 2017, an increase of U.S.$26.9 million, or 2.0 per cent. The year ended 31 December 2018 included an SDI gain of U.S.$24.8 million which was primarily attributable to the SDI gain on finance income due to a U.S.$117.5 million change in the fair value of the derivative liability on the Convertible Bonds, which was partially offset by finance costs related to the Convertible Bonds as well as acquisition costs and pensions costs. The year ended 31 December 2017 included an SDI loss of U.S.$31.8 million which was primarily attributable to a U.S.$77.0 million change in the fair value of the derivative liability on the Convertible Bonds as well as a U.S.$28.2 million loss incurred on the re-measurement to fair value of the existing stake resulting from the acquisition of a controlling stake in DP World Santos (Brazil) which had been an equity-accounted investee in the Australia and Americas segment, which was partially offset by an income tax credit of U.S.$101.1 million during the year relating to the release of deferred tax liability on account of a tax rate change. Profit before SDIs for the year ended 31 December 2018 was U.S.$1,332.8 million as compared to U.S.$1,362.5 million for the year ended 31 December 2017, a decrease of U.S.$29.8 million, or 2.2 per cent.

The following table presents profit information regarding the Group's geographic segments for the year ended 31 December 2018 and the year ended 31 December 2017.

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | | | 2017 | | |
| | Before separately disclosed items | Separately disclosed items | Total | Before separately disclosed items | Separately disclosed items | Total |
| | *(U.S. dollars in thousands)* | | | | | |
| Middle East, Europe and Africa | 1,428,476 | (29,480) | 1,398,996 | 1,490,471 | 10,369 | 1,500,840 |
| Australia and Americas | 222,926 | (2,800) | 220,126 | 197,439 | (32,384) | 165,055 |
| Asia-Pacific and Indian Subcontinent | 485,996 | (10,743) | 475,253 | 333,229 | (13,313) | 319,916 |
| Head office | (804,608) | 67,850 | (736,758) | (658,591) | 3,526 | (655,065) |
| **Profit for the year** | **1,332,790** | **24,827** | **1,357,617** | **1,362,548** | **(31,802)** | **1,330,746** |

- *Middle East, Europe and Africa*: profit for the Middle East, Europe and Africa segment for the year ended 31 December 2018 was U.S.$1,399.0 million as compared to U.S.$1,500.8 million for the year ended 31 December 2017, a decrease of U.S.$101.8 million, or 0.9 per cent. Profit before SDIs for the Middle East, Europe and Africa segment for the year ended 31 December 2018 was U.S.$1,428.5 million as compared to U.S.$1,490.5 million for the year ended 31 December 2017, a decrease of U.S.$62.0 million, or 4.2 per cent. The decrease was primarily due to the removal of the Djibouti concession.

- *Australia and Americas*: profit for the Australia and Americas segment for the year ended 31 December 2018 was U.S.$220.1 million as compared to U.S.$165.1 million for the year ended 31 December 2017, an increase of U.S.$55.1 million, or 33.4 per cent. Profit before SDIs for the Australia and Americas segment for the year ended 31 December 2018 was U.S.$222.9 million as compared to U.S.$197.4 million for the year ended 31 December 2017, an increase of U.S.$25.5 million, or 12.9 per cent. The increase was primarily due to growth in the Americas.

- *Asia-Pacific and Indian Subcontinent*: profit for the Asia-Pacific and Indian Subcontinent segment for the year ended 31 December 2018 was U.S.$475.3 million as compared to U.S.$319.9 million for the year ended 31 December 2017, an increase of U.S.$155.3 million, or 48.6 per cent. Profit before SDIs for the Asia-Pacific and Indian Subcontinent segment for the year ended 31 December 2018 was U.S.$486.0 million as compared to U.S.$333.2 million for the year ended 31 December 2017, an increase of U.S.$152.8 million, or 45.8 per cent. The increase was primarily due to growth in non-container revenue.

- *Head office*: loss for the Head Office segment for the year ended 31 December 2018 was U.S.$736.8 million as compared to U.S.$655.1 million for the year ended 31 December 2017, an increase of U.S.$81.7 million, or 12.5 per cent. Loss before SDIs for the Head Office segment for the year ended 31 December 2018 was U.S.$804.6 million as compared to U.S.$658.6 million for the year ended 31 December 2017, an increase of U.S.$146.0 million, or 22.2 per cent. The increase was primarily due to higher underlying head office costs which reflect the higher asset base.

***Year ended 31 December 2017 compared to year ended 31 December 2016***

The following table shows selected consolidated income statement data for the Group for the years indicated.

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2017 | | | 2016 | | |
| | **Before separately disclosed items** | **Separately disclosed items** | **Total** | **Before separately disclosed items** | **Separately disclosed items** | **Total** |
| | *(U.S. dollars in thousands)* | | | | | |
| Revenue | 4,714,733 | 14,053 | 4,728,786 | 4,163,325 | 68,243 | 4,231,568 |
| Cost of sales | (2,359,467) | (14,053) | (2,373,520) | (2,010,490) | (68,243) | (2,078,733) |
| **Gross profit** | **2,355,266** | **—** | **2,355,226** | **2,152,835** | **—** | **2,152,835** |
| General and administrative expenses | (693,878) | (14,699) | (708,577) | (628,411) | (776) | (629,187) |
| Other income | 51,844 | 3,433 | 55,277 | 49,301 | 3,878 | 53,179 |
| (Loss) on sale and termination of business | — | (28,234) | (28,234) | (2,966) | (12,524) | (15,490) |
| Share of profit/(loss) from equity-accounted investees (net of tax) | 123,592 | 4,172 | 127,764 | 149,435 | (2,957) | 146,478 |
| **Results from operating activities** | **1,836,824** | **(35,328)** | **1,801,496** | 1,720,194 | (12,379) | 1,707,815 |
| Finance income | 95,540 | 550 | 96,090 | 100,247 | 47,462 | 147,709 |
| Finance costs | (425,410) | (98,100) | (523,510) | (438,357) | (139,521) | (577,878) |
| **Net finance costs** | **(329,870)** | **(97,550)** | **(427,420)** | **(338,110)** | **(92,059)** | **(430,169)** |
| **Profit before tax** | **1,506,954** | **(132,878)** | **1,374,076** | **1,382,084** | **(104,438)** | **1,277,646** |
| Income tax expense | (144,406) | 101,076 | (43,330) | (122,579) | — | (122,579) |
| **Profit for the year** | **1,362,548** | **(31,802)** | **1,330,746** | **1,259,505** | **(104,438)** | **1,155,067** |
| ***Profit attributable to:*** | | | | | | |
| Owners of the Company | 1,208,517 | (31,802) | 1,176,715 | 1,126,554 | (102,300) | 1,024,254 |
| Non-controlling interests | 154,031 | — | 154,031 | 132,951 | (2,138) | 130,813 |

*Revenue*

Revenue for the year ended 31 December 2017 was U.S.$4,728.8 million as compared to U.S.$4,231.6 million for the year ended 31 December 2016, an increase of U.S.$497.2 million, or 11.7 per cent. The year ended 31 December 2017 included an SDI gain of U.S.$14.0 million of revenue recorded on the construction of a port. In accordance with IFRIC 12, the fair value of revenue from construction services provided by the Group to develop a port in the Asia-Pacific and Indian Subcontinent segment was included as both revenue and cost of sales in the year ended 31 December 2017. Revenue before SDIs for the year ended 31 December 2017 was U.S.$4,714.7 million as compared to U.S.$4,163.3 million for the year ended 31 December 2016, an increase of U.S.$551.4 million, or 13.2 per cent. The increase in revenue was mainly driven by strong containerised stevedoring revenue growth. As at 31 December 2017, the Group had 78 terminals. Terminals that contributed to the Group's revenue as at 31 December 2017 experienced an increase in consolidated container volume over the previous year of 24.7 per cent., primarily due to consolidation of PNC (South Korea).

<u>Revenue by category</u>

The following table presents revenue information regarding the Group for the year ended 31 December 2017 and the year ended 31 December 2016 and is derived from the DPW 2017 Financial Statements. The Group changed its business segments in 2018 with the presentation below reflecting the Group's previous categories. The footnotes below the table reconcile the previous 2017 division to the new 2018 division.

| | Year ended 31 December | |
|---|---|---|
| | 2017 | 2016 |
| | (U.S. dollars in thousands) | |
| Containerised stevedoring revenue[1] | 1,856,806 | 1,535,059 |
| Containerised other revenue[1] | 1,450,110 | 1,315,186 |
| Non-containerised revenue[1] | 821,751 | 759,516 |
| Service concession revenue | 14,053 | 68,243 |
| Lease rentals and related services[2] | 586,066 | 553,564 |
| **Revenue** | **4,728,786** | **4,231,568** |

(1) Containerised stevedoring revenue, containerised other revenue and non-containerised revenue together comprise the "revenue from ports and terminals" business segment in the DPW H1 2019 Unaudited Financial Statements and the DPW 2018 Financial Statements.

(2) Lease rentals and related services comprises the "lease rentals and services from economic zones" business segment in the DPW H1 2019 Unaudited Financial Statements and the DPW 2018 Financial Statements.

- *Containerised stevedoring revenue*: containerised stevedoring revenue for the year ended 31 December 2017 was U.S.$1,856.8 million (representing 39.3 per cent. of the Group's revenue for such period) as compared to U.S.$1,535.1 million for the year ended 31 December 2016 (representing 36.3 per cent. of the Group's revenue for such period), an increase of U.S.$321.7 million, or 21.0 per cent. The increase reflected an increase in an increase in consolidated container volumes as a result of both an increase in capacity and favourable trading environment.

- *Containerised other revenue*: containerised other revenue for the year ended 31 December 2017 was U.S.$1,450.1 million (representing 30.7 per cent. of the Group's revenue for such period) as compared to U.S.$1,315.2 million for the year ended 31 December 2016 (representing 30.4 per cent. of the Group's revenue for such period), an increase of U.S.$134.9 million, or 10.3 per cent. The increase principally reflected the increase in container re-handling and storage revenue, reflecting the increase in containers held at the Group's terminals.

- *Non-containerised revenue*: non-containerised revenue for the year ended 31 December 2017 was U.S.$821.8 million (representing 17.4 per cent. of the Group's revenue for such period) as compared to U.S.$759.5 million for the year ended 31 December 2016 (representing 17.9 per cent. of the Group's revenue for such period), an increase of U.S.$62.2 million, or 8.2 per cent. This increase primarily reflected the growth in non-containerised volumes in Jebel Ali (UAE).

Revenue by geographic segment

The following table presents revenue information regarding the Group's geographic segments for the year ended 31 December 2017 and the year ended 31 December 2016.

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2017 | | | 2016 | | |
| | Before separately disclosed items | Separately disclosed items | Total | Before separately disclosed items | Separately disclosed items | Total |
| | (U.S. dollars in thousands) | | | | | |
| Middle East, Europe and Africa | 3,284,363 | — | 3,284,363 | 3,071,052 | — | 3,071,052 |
| Australia and Americas | 762,151 | — | 762,151 | 659,020 | — | 659,020 |
| Asia-Pacific and Indian Subcontinent | 668,219 | (14,053) | 682,272 | 433,253 | (68,243) | 501,496 |
| **Revenue** | **4,714,733** | **(14,053)** | **4,728,786** | **4,163,325** | **(68,243)** | **4,231,568** |

- *Middle East, Europe and Africa*: revenue for the Middle East, Europe and Africa segment for the year ended 31 December 2017 was U.S.$3,284.4 million as compared to U.S.$3,071.1 million for the year ended 31 December 2016, an increase of U.S.$213.3 million, or 6.9 per cent. The increase reflected a 7.6 per cent. growth in throughput from 2016 to 2017. On average, terminals that contributed to revenue for the segment experienced an increase in container volume of 7.6 per cent. over the previous year. Excluding the new terminals, container volumes increased 6.7 per cent. and Like-for-Like revenue increased 4.8 per cent., primarily as a result of improved container volumes at the Jebel Ali port as well as the Group's winning the London Gateway (U.K.) container line service. As at 31 December 2017, the Group had 38 operating terminals in the segment. UAE total containerised revenue for the year ended 31 December 2017 increased against the same period in 2016 by 2.6 per cent., whilst non-containerised revenue decreased by 3.1 per cent. following a decrease in general, break bulk and bulk cargo volumes.

- *Australia and Americas*: revenue for the Australia and Americas segment for the year ended 31 December 2017 was U.S.$762.1 million as compared to U.S.$659.0 million for the year ended 31 December 2016, an increase of U.S.$103.1 million, or 15.6 per cent. The increase in revenue primarily resulted from stronger volumes in the Americas. As at 31 December 2017, the Group had 14 operating terminals in the segment.

- *Asia-Pacific and Indian Subcontinent*: revenue for the Asia-Pacific and Indian Subcontinent segment for the year ended 31 December 2017 was U.S.$682.3 million as compared to U.S.$501.5 million for the year ended 31 December 2016, an increase of U.S.$180.8 million, or 36.1 per cent. Revenue before SDIs for the Asia-Pacific and Indian Subcontinent segment for the year ended 31 December 2017 was U.S.$668.2 million as compared to U.S.$433.3 million for the year ended 31 December 2016, an increase of U.S.$235.0 million, or 54.2 per cent. The increase in revenue was largely from the consolidation of PNC (South Korea). Like-for-Like revenue increased 6.1 per cent. against a rise in Like-for-Like container volume of 2.4 per cent. As at 31 December 2017, the Group had 26 operating terminals in the segment.

*Cost of sales*

Cost of sales for the year ended 31 December 2017 was U.S.$2,373.5 million as compared to U.S.$2,078.7 million for the year ended 31 December 2016, an increase of U.S.$294.8 million, or 14.2 per cent. The year ended 31 December 2017 and the year ended 31 December 2016 included SDI losses of U.S.$14.0 million and U.S.$68.2 million, respectively (see further Note 9 (*Separately disclosed items*) to the DPW 2017 Financial Statements). Cost of sales before SDIs for the year ended 31 December 2017 were U.S.$2,359.5 million as compared to U.S.$2,010.5 million for the year ended 31 December 2016, an increase of U.S.$349.0 million, or 17.4 per cent. The increase was principally due to a 24.7 per cent. increase in container volumes and the consolidation of PNC (South Korea).

*General and administrative expenses*

General and administrative expenses for the year ended 31 December 2017 were U.S.$708.6 million as compared to U.S.$629.2 million for the year ended 31 December 2016, an increase of U.S.$79.4 million, or 12.6 per cent. The year ended 31 December 2017 included an SDI loss of U.S.$14.7 million relating to advisory, legal, accounting, valuation, professional consulting, general and administrative costs that were directly related to various acquisitions, the reversal of excess restructuring provision in a subsidiary in the Middle East, Europe and Africa segment and an impairment of property, plant and equipment and investment properties relating to certain subsidiaries in the Middle East, Europe and Africa segment. The year ended 31 December 2016 included an SDI loss of U.S.$0.8 million primarily relating to an impairment of property, plant and equipment and investment properties relating to certain subsidiaries in the Middle East, Europe and Africa segment. General and administrative expenses before SDIs for the year ended 31 December 2017 were U.S.$693.9 million as compared to U.S.$628.4 million for the year ended 31 December 2016, an increase of U.S.$65.5 million, or 10.4 per cent. The increase was primarily due to the increase in container volumes and the consolidation of PNC (South Korea).

*Loss on sale and change in ownership of business*

Loss on sale and change in ownership of business for the year ended 31 December 2017 was comprised of a loss of U.S.$28.2 million, which related to the loss on re-measurement to fair value of the existing stake resulting from the acquisition of a controlling stake in an equity-accounted investee in the Australia and Americas segment. Loss on sale and change in ownership of business for the year ended 31 December 2016 was comprised of a loss of U.S.$15.5 million, which included an SDI loss of U.S.$12.5 million related to the loss on sale of a subsidiary in the Middle East, Europe and Africa segment and loss on re-measurement to fair value of the existing stake resulting from the acquisition of a controlling stake in an equity-accounted investee in the Asia-Pacific and Indian Subcontinent segment.

*Share of profit from equity-accounted investees*

Share of profit from equity-accounted investees for the year ended 31 December 2017 was U.S.$127.8 million as compared to U.S.$146.5 million for the year ended 31 December 2016, a decrease of U.S.$18.7 million, or 12.8 per cent. The year ended 31 December 2017 included an SDI gain of U.S.$4.2 million which was related to the release of deferred tax liability of U.S.$16.0 million due to a tax rate change in an equity-accounted investee in the Middle East, Europe and Africa segment, which was offset by an impairment of goodwill of U.S.$11.8 million in an equity-accounted investee in the Asia-Pacific and Indian Subcontinent segment. The year ended 31 December 2016 included an SDI loss of U.S.$3.0 million comprised of non-recurring expenses incurred in the Middle East, Europe and Africa segment. Share of profit from equity-accounted investees before SDIs for the year ended 31 December 2017 was U.S.$123.6 million as compared to U.S.$149.4 million for the year ended 31 December 2016, a decrease of U.S.$25.8 million, or 17.3 per cent. The decrease was primarily due to the consolidation of PNC (South Korea) and DP World Santos (Brazil).

*Net finance costs*

Net finance costs for the year ended 31 December 2017 were U.S.$427.4 million as compared to U.S.$430.2 million for the year ended 31 December 2016, a decrease of U.S.$2.8 million, or 0.6 per cent. The year ended 31 December 2017 included an SDI loss of U.S.$77.0 million related to a change in the fair value of the Convertible Bonds option due to movement based on re-measured fair value of the embedded derivative liability of the Convertible Bonds as well as finance costs related to the Convertible Bonds which relate to the accretion of the liability component as at the reporting date to the amount that will be payable on the redemption of the Convertible Bonds. The year ended 31 December 2016 included an SDI loss of U.S.$92.1 million related to finance costs related to the Convertible Bonds, sukuk redemption costs, and transaction costs related to the restructuring and termination of loans in subsidiaries in the Middle East, Europe and Africa segment. Net finance costs before SDIs for the year ended 31 December 2017 were U.S.$329.9 million as compared to U.S.$338.1 million for the year ended 31 December 2016, a decrease of U.S.$8.2 million, or 2.4 per cent, primarily as a result of a decrease in interest rates partially offset by an increase in overall indebtedness.

*Income tax expense*

Income tax expense for the year ended 31 December 2017 was U.S.$43.3 million as compared to U.S.$122.6 million for the year ended 31 December 2016, a decrease of U.S.$79.3 million, or 64.6 per cent. The year ended 31 December 2017 included an SDI gain of U.S.$ 101.1 million resulting from the release of a deferred tax liability on account of a tax rate change in the U.S. Income tax expense before SDIs for the year ended 31 December 2017 was U.S.$144.4 million as compared to U.S.$122.6 million for the year ended 31 December 2016, an increase of U.S.$21.8 million, or 17.8 per cent. The increase was principally due to an increase in profit.

*Profit for the year*

For the reasons set out above, profit for the year ended 31 December 2017 was U.S.$1,330.7 million as compared to U.S.$1,155.1 million for the year ended 31 December 2016, an increase of U.S.$175.6 million, or 15.2 per cent. The year ended 31 December 2017 included an SDI loss of U.S.$31.8 million while the year ended 31 December 2016 included an SDI loss of U.S.$104.4 million (see above for further information regarding such SDIs). Profit for the year before SDIs for the year ended 31 December 2017 was U.S.$1,362.5 million as compared to U.S.$1,259.5 million for the year ended December 2016, an increase of U.S.$103.0 million, or 8.2 per cent.

The following table presents profit information regarding the Group's geographic segments for the year ended 31 December 2017 and the year ended 31 December 2016.

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2017 | | | 2016 | | |
| | **Before separately disclosed items** | **Separately disclosed items** | **Total** | **Before separately disclosed items** | **Separately disclosed items** | **Total** |
| | *(U.S. dollars in thousands)* | | | | | |
| Middle East, Europe and Africa | 1,490,471 | 10,369 | 1,500,840 | 1,400,085 | (8,171) | 1,391,914 |
| Australia and Americas | 197,439 | (32,384) | 165,055 | 215,663 | 2,076 | 217,739 |
| Asia-Pacific and Indian Subcontinent | 333,229 | (13,313) | 319,916 | 249,216 | (6,284) | 242,932 |
| Head office | (658,591) | 3,526 | (655,065) | (605,459) | (92,059) | (697,518) |
| **Profit for the year** | **1,362,548** | **(31,802)** | **1,330,746** | **1,259,505** | **(104,438)** | **1,155,067** |

- *Middle East, Europe and Africa*: profit for the Middle East, Europe and Africa segment for the year ended 31 December 2017 was U.S.$1,500.8 million as compared to U.S.$1,391.9 million for the year ended 31 December 2016, an increase of U.S.$108.9 million, or 7.8 per cent. Profit before SDIs for the Middle East, Europe and Africa segment for the year ended 31 December 2017 was U.S.$1,490.5 million as compared to U.S.$1,400.1 million for the year ended 31 December 2016, an increase of U.S.$90.4 million, or 6.5 per cent. The increase principally reflected the increased revenue in this segment as outlined above and a slight increase in the segment's profit from joint ventures.

- *Australia and Americas*: profit for the Australia and Americas segment for the year ended 31 December 2017 was U.S.$165.1 million as compared to U.S.$217.7 million for the year ended 31 December 2016, a decrease of U.S.$52.6 million, or 24.2 per cent. Profit before SDIs for the Australia and Americas segment for the year ended 31 December 2017 was U.S.$197.4 million as compared to U.S.$215.7 million for the year ended 31 December 2016, a decrease of U.S.$18.3 million, or 8.5 per cent. The decrease was predominantly due to a lower share of profit from joint ventures, primarily DP World Santos (Brazil), as well as higher depreciation expenses.

- *Asia-Pacific and Indian Subcontinent*: profit for the Asia-Pacific and Indian Subcontinent segment for the year ended 31 December 2017 was U.S.$319.9 million as compared to a profit of U.S.$242.9 million for the year ended 31 December 2016, an increase of U.S.$77.0 million, or 31.7 per cent. Profit before SDIs for the Asia-Pacific and Indian Subcontinent segment for the year ended 31 December 2017 was U.S.$333.2 million as compared to a profit of U.S.$249.2 million for the year ended 31 December 2016, an increase of U.S.$84.0 million, or 33.7 per cent. The increase was primarily a result of the consolidation of PNC (South Korea) and higher profit from the Indian subcontinent segment.

- *Head office*: loss for the Head Office segment for the year ended 31 December 2017 was U.S.$655.1 million as compared to a loss of U.S.$697.5 million for the year ended 31 December 2016, a decrease of U.S.$42.4 million, or 6.1 per cent. Loss before SDIs for the Head Office segment for the year ended 31 December 2017 was U.S.$658.6 million as compared to a loss of U.S.$605.5 million for the year ended 31 December 2016, an increase of U.S.$53.1 million, or 8.8 per cent. The increase principally reflected higher corporate overhead and tax expenses.

**Liquidity and Capital Resources**

The Group expects to meet its ongoing capital requirements, including in respect of its new developments and major expansion projects, through cash, operating returns, as well as its undrawn committed revolver credit facility of U.S.$2.0 billion, debt financing from banks or capital markets or the issuance of equity to the extent necessary. Where available, the Group intends to finance terminal development and expansion projects through non-recourse debt of the relevant terminal operating company. Further, many of the Group's expansion projects are not committed so it can slow capacity expansion if volume increases change. See "*Risk Factors – Risks Related to the Notes – Since the Company is a holding company and substantially all of its operations are conducted through its subsidiaries, unconsolidated joint ventures and associates, its ability to make payments in respect of the Notes issued by it, depends on its ability to obtain cash* *dividends or other cash payments or obtain loans from such entities*" and "*Risk Factors – Risks Related to the Group – The Group's businesses require substantial capital investment and the Group may not have sufficient capital to make, or may be restricted by covenants in its financing agreements from making, future capital expenditures and other investments as it deems necessary or desirable*".

***Cash flows***

The following table shows certain information about the consolidated cash flows of the Group for the periods indicated.

| | **Six months ended 30 June** | | **Year ended 31 December** | | |
|---|---|---|---|---|---|
| | **2019** | **2018** | **2018** | **2017** | **2016** |
| | *(U.S. dollars in thousands)* | | | | |
| Net cash provided by operating activities | 1,045,600 | 869,952 | 1,951,490 | 2,207,873 | 1,844,537 |
| Net cash (used in) investing activities | (965,174) | (1,007,755) | (2,107,063) | (585,985) | (1,258,877) |
| Net cash from/(used in) financing activities | (640,765) | 189,535 | 1,326,859 | (1,481,385) | (701,274) |
| **Net increase/(decrease) in cash and cash equivalents** | **(560,339)** | **51,732** | **1,171,286** | **140,503** | **(115,614)** |
| Cash and cash equivalents at 1 January | 2,614,710 | 1,483,679 | 1,483,679 | 1,299,391 | 1,436,595 |
| Effect of exchange rate fluctuation on cashflow | (4,565) | (23,248) | (40,255) | 43,785 | (21,590) |
| **Cash and cash equivalents at period end** | **2,049,806** | **1,512,163** | **2,614,710** | **1,483,679** | **1,299,391** |

*Net cash provided by operating activities*

Net cash provided by operating activities for the six months ended 30 June 2019 was U.S.$1,045.6 million. This amount was primarily the result of gross cash flow from operations.

Net cash provided by operating activities for the year ended 31 December 2018 was U.S.$1,951.5 million. This amount was primarily the result of gross cash flow from operations.

Net cash provided by operating activities for the year ended 31 December 2017 was U.S.$2,207.9 million. This amount was primarily the result of an increase in revenue.

*Net cash (used in) investing activities*

Net cash used in investing activities for the six months ended 30 June 2019 was U.S.$965.2 million consisting primarily of capital expenditures in the UAE and Ecuador.

Net cash used in investing activities for the year ended 31 December 2018 was U.S.$2,107.1 million consisting primarily of new acquisitions and expansion in the UAE, Ecuador and London Gateway (U.K.).

Net cash used in investing activities for the year ended 31 December 2017 was U.S.$586.0 million consisting primarily of London Gateway (U.K.), Berbera (Somaliland), Prince Rupert (Canada) and Jebel Ali (UAE).

Net cash used in investing activities for the year ended 31 December 2016 was U.S.$1,258.9 million consisting primarily of Jebel Ali (UAE), Prince Rupert (Canada), Mumbai (India) and Yarimca (Turkey).

*Net cash from/(used in) financing activities*

Net cash used in financing activities for the six months ended 30 June 2019 was U.S.$640.8 million. This amount was primarily the result of interest payments, repayment of the JAFZ Sukuk (as defined below) and a dividend payment.

Net cash from financing activities for the year ended 31 December 2018 was U.S.$1,326.9 million. This amount was primarily due to a multiple tranche bond issuance.

Net cash used in financing activities for the year ended 31 December 2017 was U.S.$1,481.4 million. This amount was primarily the result of debt repayments, redemption of certain trust certificates issued under the Sukuk Programme (as defined below), interest paid and a dividend paid.

Net cash used in financing activities for the year ended 31 December 2016 was U.S.$701.3 million. This amount was primarily the result of debt repayments, partial redemption of certain trust certificates issued under the Sukuk Programme and interest paid.

***Capital expenditures***

*The following discussion of the Group's capital expenditures relates to all consolidated terminals. Capital expenditures include the Group's investments in plant and equipment relating to its business but do not include corporate acquisitions, such as the EZW and DP World Prince Rupert (Canada) acquisitions.*

The total capital expenditure for 2019 is estimated at U.S.$1.4 billion with investments planned in the UAE, Posorja (Ecuador), Berbera (Somaliland), Sokhna (Egypt), London Gateway (U.K.), Chile, Fraser Surrey Docks (Canada), Australia, P&O Ferries and Topaz. During the first half of 2019, U.S.$636 million was invested across the existing portfolio.

For the years ended 31 December 2018, 31 December 2017 and 31 December 2016, the Group had capital expenditures of U.S.$908.2 million, U.S.$1,089.7 million and U.S.$1,298.1 million, respectively.

The total capital expenditure for the year ended 31 December 2018 was U.S.$908.2 million, of which 55 per cent. was spent on the expansion of new capacity in existing terminals and 30 per cent. was spent on the development of new terminals. This included capital expenditures on addition of further capacity in the UAE, Pusan (South Korea) and Maputo (Mozambique) as well as investments in Posorja (Ecuador), Sokhna (Egypt) and London Gateway (U.K.). Globally, the Group added approximately 2.3 million TEU of new gross capacity to take total capacity to 90.5 million TEU. The Group's maintenance capital expenditure for the year ended 31 December 2018 was U.S.$140.0 million.

The total capital expenditure for the year ended 31 December 2017 was U.S.$1,089.7 million, of which 86.9 per cent. was spent on the expansion of new capacity in existing terminals and 2.8 per cent. was spent on the development of new terminals. This included capital expenditures on new capacity in Jebel Ali (UAE), Jebel Ali Free Zone (UAE), London Gateway (U.K.), Prince Rupert (Canada) and Berbera (Somaliland) amongst others. Globally, the Group added approximately 3.6 million TEU of new gross capacity to take total capacity to 88.2 million TEU. The Group's maintenance capital expenditure for the year ended 31 December 2017 was U.S.$113 million.

The total capital expenditure for the year ended 31 December 2016 was U.S.$1,298.1 million, of which 83.6 per cent. was spent on the expansion of new capacity in existing terminals and 3.3 per cent. was spent on the development of new terminals. The Group completed work on Terminal 4 at Jebel Ali and added additional capacity, which brought Jebel Ali to 18 million TEU by the end of 2016. Capital expenditure in the Middle East, Europe and Africa segment was focused on Jebel Ali (UAE), Jebel Ali Free Zone (UAE), London Gateway (U.K.) and Yarimca (Turkey). Further, the Group had capital expenditure of U.S.$81 million in the Asia-Pacific and Indian Subcontinent segment, mainly focused on capacity expansion in Mumbai (India). Lastly, in the Australia and Americas segment, the Group invested U.S.$156 million capital expenditure in its terminals across this region during the year, mainly focused on Prince Rupert (Canada).

Alongside investing for the sustainable growth of its business, the Group also continually reviews its portfolio, disposing of or monetising assets where it makes strategic sense to do so.

The Group expects to finance its future commitments for capital expenditures for capacity increases or expansion projects, including in respect of the Group's nine new developments and major expansion projects, through cash from operations, as well as debt financing or equity to the extent necessary. Where available, the Group intends to finance terminal development through non-recourse debt at the relevant terminal operating company level. The Group intends to finance expansion projects through cash from operations and additional funding, if required. In addition, the Group may elect or be required to make additional capital expenditures related to its concessions in the future and, as a result, the Group's future capital expenditures may be significantly higher than the Group's contractual obligations (see further "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Indebtedness – Contractual maturities*"). The Group believes that its operating cash flows and borrowing capacity, taken together, provide adequate resources to fund capital expenditures relating to the Group's ongoing operations and future investments associated with the expansion of its business for the foreseeable future.

**Indebtedness**

The Group's outstanding indebtedness, which is the Group's amount of gross debt, as at 30 June 2019 was U.S.$13,493.8 million compared to U.S.$10,553.0 million and U.S.$7,739.0 million as at 31 December 2018 and 31 December 2017, respectively. This was comprised principally of the indebtedness listed below (see further Note 30 (*Interest bearing loans and borrowings*) to the DPW 2018 Financial Statements).

Additionally, in July 2019, the Company issued U.S.$300,000,000 5.625 per cent. Notes due September 2048 (to be consolidated and form a single series with the Original 2048 Notes) under the Programme. Also, in July 2019, the Group issued U.S.$1,000,000,000 Trust Certificates due July 2029 under the Sukuk Programme, where holders are entitled to periodic distributions in the amount of 3.875 per cent. of the aggregate face amount of the trust certificates.

***Syndicated loan facility***

On 30 June 2014, the Company entered into agreements (the "**Syndicated Facilities Documentation**") documenting unsecured syndicated conventional and murabaha term and revolving loan facilities (the "**Syndicated Facilities**").

The Syndicated Facilities comprise U.S.$2,000,000,000 multicurrency facilities made up of: (i) a U.S.$1,390,000,000 conventional revolving credit facility with a final maturity date of 30 June 2023 which includes a margin stepdown if certain emission levels are met; and (ii) a U.S.$610,000,000 Islamic revolving murabaha facility with a final maturity date of 30 June 2019 (the "**Murabaha Facility**"). The Syndicated Facilities are permitted to be used for the general corporate purposes of the Company and its subsidiaries. Interest/profit on the Syndicated Facilities is payable based on a specified margin over either EURIBOR or LIBOR. As at 31 December 2018, U.S.$2,000,000,000 was available to be drawn under the Syndicated Facilities.

*Repayment and voluntary prepayments*

All outstanding borrowed amounts under the conventional facility and the Murabaha Facility must be repaid on the applicable final maturity date. The Syndicated Facilities Documentation provides for voluntary prepayments of outstanding borrowed amounts and voluntary cancellations of unutilised commitments on customary terms. Amounts prepaid under either the conventional facility or the Murabaha Facility may be reborrowed. The Syndicated Facilities Documentation also contains mandatory prepayment provisions which the Company believes are usual and customary for facilities of this type.

*Change of control*

The Syndicated Facilities Documentation contains a mandatory prepayment change of control provision whereby an individual lender/murabaha participant can call for repayment of its share of outstanding borrowings if the Government ceases to own, either directly or indirectly, at least 50 per cent. of the issued share capital of the Company or otherwise ceases to control, either directly or indirectly, the Company.

*Undertakings and covenants*

The Syndicated Facilities Documentation contains affirmative and negative undertakings which the Company believes are usual and customary for facilities of this type. In addition, the Syndicated Facilities Documentation contains a total net debt to consolidated total net debt plus equity financial covenant, where equity refers to the amount of equity on the balance sheet of the Company.

*Events of default*

The Syndicated Facilities Documentation contains certain customary events of default.

***Issuances under the Programme***

The Company has issued the following notes under the Programme as at 30 June 2019:

- U.S.$500,000,000 3.25 per cent. Notes due May 2020 issued on 18 May 2015;
- EUR750,000,000 2.375 per cent. Notes due September 2026 issued on 25 September 2018;

- GBP350,000,000 4.25 per cent. Notes due September 2030 issued on 25 September 2018;
- U.S.$1,750,000,000 6.85 per cent. Notes due July 2037 issued on 2 July 2007; and
- U.S.$1,000,000,000 5.625 per cent. Notes due September 2048 issued on 25 September 2018 (the "**Original 2048 Notes**"),

(together, the "**DPW Notes**") in each case, listed on the London Stock Exchange and Nasdaq Dubai.

*Ranking*

The DPW Notes are senior unsecured obligations of the Company and rank equally in right of payment to all of the Company's existing and future senior indebtedness and senior in right of payment to all of the Company's existing and future subordinated debt.

*Repayment and redemption*

Upon the occurrence of a change of control of the Company, each holder of the DPW Notes has the right to require the Company to repurchase such holder's DPW Notes at a purchase price in cash equal to 100 per cent. of the principal amount thereof, plus accrued and unpaid interest, if any, to the repurchase date. Subject to certain limited exceptions, the DPW Notes may not be redeemed at the Company's option prior to maturity. Unless previously redeemed or purchased and cancelled, the DPW Notes must be redeemed at par on the maturity date.

*Change of control*

The Programme is subject to a change of control covenant whereby the Government must continue to own, directly or indirectly, at least 50 per cent. of the Company's issued share capital.

*Covenants*

The Programme contains affirmative and negative undertakings that the Company believes are usual and customary for debt securities of this type and which are similar to those relating to the Notes offered hereunder.

*Events of default*

The DPW Notes are subject to certain customary events of default that, if any of them occurs, would permit the principal of and accrued interest on the DPW Notes to be declared due and payable.

***Issuances under the DP World Crescent Limited U.S.$5,000,000,000 Trust Certificate Issuance Programme***

The Company, through DP World Crescent Limited (an exempted company with limited liability incorporated in the Cayman Islands), has established a Trust Certificate Issuance Programme for the issue of trust certificates up to an aggregate face amount of U.S.$5,000,000,000 (the "**Sukuk Programme**"). DP World Crescent Limited has issued the following trust certificates under the Sukuk Programme as at 30 June 2019:

- U.S.$1,200,000,000 Trust Certificates due May 2023 issued on 31 May 2016, where holders are entitled to periodic distributions in the amount of 3.908 per cent. of the aggregate face amount of the trust certificates; and
- U.S.$1,000,000,000 Trust Certificates due September 2028 issued on 26 September 2018, where holders are entitled to periodic distributions in the amount of 4.848 per cent. of the aggregate face amount of the trust certificates,

(together, the "**DPW Trust Certificates**") in each case, listed on the London Stock Exchange and Nasdaq Dubai.

*Ranking*

The DPW Trust Certificates are senior unsecured obligations of DP World Crescent Limited and the Company's payment obligations under the transaction documents related to the DPW Trust Certificates are senior unsecured obligations of the Company and rank equally in right of payment to all of the Company's existing and future senior indebtedness and senior in right of payment to all of the Company's existing and future subordinated debt.

*Repayment and redemption*

Upon the occurrence of a change of control of the Company, each holder of the DPW Trust Certificates has the right to require DP World Crescent Limited and the Company to redeem such holder's DPW Trust Certificates at an exercise price in cash equal to 100 per cent. of the nominal amount thereof, plus accrued and unpaid periodic distribution amounts, if any, to the redemption date. Subject to certain limited exceptions, the DPW Trust Certificates may not be redeemed at DP World Crescent Limited's or the Company's option prior to scheduled redemption. Unless previously redeemed or purchased and cancelled, the DPW Trust Certificates must be redeemed at par on the scheduled redemption date.

*Change of control*

The Sukuk Programme is subject to a change of control covenant whereby the Government must continue to own, directly or indirectly, at least 50 per cent. of the Company's issued share capital.

*Covenants*

The Sukuk Programme contains affirmative and negative undertakings that the Company believes are usual and customary for debt securities of this type and which are similar to those relating to the Notes offered hereunder.

*Dissolution events*

The DPW Trust Certificates are subject to certain customary dissolution events that, if any of them occurs, would permit a specified proportion of holders to require the trust to be dissolved and the aggregate nominal amount and accrued and unpaid periodic distribution amounts, if any, becoming due and payable.

***Convertible Bonds***

On 19 June 2014, the Company issued senior unsecured convertible bonds due 2024 with a principal amount of U.S.$1,000,000,000 (the "**Convertible Bonds**") convertible into 36.85 million ordinary shares of the Company. The Convertible Bonds are currently listed on the Frankfurt Stock Exchange and bear interest at an annual rate of 1.75 per cent. The Convertible Bonds include an investor put option which can be exercised at par in June 2018 (year 4) and in June 2021 (year 7). There is also an issuer call option which can be exercised from July 2017 onwards (year 3), subject to a 130 per cent. trigger on the conversion price of U.S.$27.14.

*Ranking*

The Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company, ranking *pari passu* and rateably, without any preference among themselves, and equally with all other existing and future unsecured and unsubordinated obligations of the Company save, in the event of a winding up, for such obligations that may be preferred by provisions of law that are mandatory and of general application.

*Change of control*

Upon the occurrence of a change of control, each holder of the Convertible Bond has the right to require the Company to either: (i) redeem its Convertible Bond at par plus accrued interest; or (ii) convert the Convertible Bonds into ordinary shares of the Company. A change of control shall occur if the Government: (a) ceases to hold (directly or indirectly) at least 50 per cent. of the Company's issued share capital, or otherwise ceases to control (directly or indirectly) the Company (for instance, by way of control of the board of directors); or (b) owns, directly or indirectly, more than 85 per cent. of the Company.

*Covenants*

The Convertible Bonds have the benefit of a negative pledge which is usual and customary for debt securities of this type. Subject to certain exceptions in respect of project finance indebtedness and securitisation indebtedness, none of ordinary shares of the Company or any of its subsidiaries is permitted to grant security over capital markets securities, unless at the same time it grants the same security to the Convertible Bonds.

The negative pledge does not apply to permitted security, which includes, for instance, secured debt securities of a target entity, provided that such entity is merged into or consolidated into the Company or any of its subsidiaries, or security over property or assets subsequently acquired by a member of the Group as long as the security was not created in contemplation of the acquisition.

*Events of default*

The Convertible Bonds are subject to certain customary events of default, and upon the occurrence of an event of default, the Convertible Bonds are redeemable at par plus accrued interest.

***JAFZ Sukuk***

On 19 June 2012, JAFZ Sukuk (2019) Limited (a DIFC special purpose vehicle) issued U.S.$650,000,000 Trust Certificates due June 2019 ("**JAFZ Sukuk**"), where holders were entitled to periodic distributions in the amount of 7.00 per cent. of the aggregate face amount of the trust certificates. The Group assumed this indebtedness in its acquisition of EZW in March 2015. In September 2018, the Group conducted a tender offer whereby the Group accepted U.S.$413,461,000 in aggregate face amount of the JAFZ Sukuk trust certificates which were tendered. On 19 June 2019, an aggregate amount of U.S.$232 million was paid in connection with the final redemption of the JAFZ Sukuk.

***Contractual maturities***

The following table presents the contractual maturities of the Group's financial liabilities as at 31 December 2018.

| | Payments due by period | | | | |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **2-5 years** | **More than 5 years** | **Total** |
| | *(U.S. dollars in thousands)* | | | | |
| Non derivative financial liabilities: | | | | | |
| Issued bonds | (570,850) | (823,503) | (2,119,742) | (8,635,861) | (12,149,956) |
| Convertible bonds | (17,500) | (17,500) | (52,500) | (1,008,750) | (1,096,250) |
| Bank loans | (208,898) | (177,171) | (1,100,230) | (2,238,904) | (3,725,203) |
| Loans from non-controlling shareholders | (1,000) | (10,904) | (45,070) | (117,931) | (174,905) |
| Finance lease liabilities | (7,031) | (9,525) | (6,350) | (6,751) | (29,657) |
| Trade and other payables | (1,851,740) | (49,187) | (27,471) | (36,990) | (1,965,388) |
| Financial guarantees and letters of credit | — | — | — | — | (199,358) |
| ***Derivative financial liabilities:*** | | | | | |
| Interest rate swaps used for hedging | (22,555) | (21,564) | (40,520) | (1,954) | (86,593) |
| Embedded derivative option | — | — | — | — | — |
| **Total** | **(2,679,574)** | **(1,109,354)** | **(3,391,883)** | **(12,047,141)** | **(19,427,310)** |

In addition, the Group has operating lease obligations that mainly consist of terminal operating leases arising out of concession arrangements which are long-term in nature. There are also leases of plant, equipment and vehicles. In respect of terminal operating leases, contingent rent is payable based on revenues/profits earned in the future period. The majority of leases contain renewable options for additional periods at rental rates based on negotiations or prevailing market rates. As at 31 December 2018, the Group had operating lease obligations totalling U.S.$7,816.5 million, of which U.S.$308.6 million were less than one year, U.S.$894.3 million were between one to five years and U.S.$6,613.6 million were more than five years.

As at 31 December 2018, the Group had net pension liabilities of U.S.$164.1 million. The Group has agreed with the pension trustee board of its various pension schemes to make contributions of U.S.$23.9 million in 2019. The future payment schedule of the pension liabilities will be determined at the end of each year for the following year based on the returns from the pension scheme assets and the resulting deficit commitments.

In July 2019, the Company issued U.S.$300,000,000 5.625 per cent. Notes due September 2048 (to be consolidated and form a single series with the Original 2048 Notes) under the Programme. Also, in July 2019, the Group issued U.S.$1,000,000,000 Trust Certificates due July 2029 under the Sukuk Programme, where holders are entitled to periodic distributions in the amount of 3.875 per cent. of the aggregate face amount of the trust certificates. These issuances had a significant impact on the Group's financial liabilities recorded after 31 December 2018.

**Off-Balance Sheet Arrangements**

As at 30 June 2019, the Group does not have any off-balance sheet arrangements that have or are reasonably expected to have a material current or future effect on its financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

**Quantitative and Qualitative Disclosures about Market Risk**

***Credit risk***

The Group seeks to trade only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and are required to submit financial guarantees based on their creditworthiness. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the Group's other financial assets, which comprise cash and cash equivalents and certain derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group manages its credit risk with regard to bank deposits, throughout the Group, through a number of controls, which include assessing the credit rating of the bank either from public credit ratings, or internal analysis where public data is not available and consideration of the support for financial institutions from their central banks or other regulatory authorities.

The Group's policy is to consider the provision of a financial guarantee to wholly-owned subsidiaries, where there is a commercial rationale to do so. Guarantees may also be provided to equity-accounted investees in very limited circumstances for the Group's share of obligation. The provision of guarantees always requires the approval of senior management.

For additional discussion of the Group's exposure to credit risk and associated impairment allowance, see Note 27 (*Financial Risk Management*) to the DPW 2018 Financial Statements.

***Liquidity risk***

The Group has cash balances and undrawn committed facilities to provide liquidity as required. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities as they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities and by ensuring adequate internally generated funds. The Group's terms of business require amounts to be paid within 60 days of the date of provision of the service. Trade payables are normally settled within 45 days of the date of purchase. As at 31 December 2018, committed undrawn facilities totalled U.S.$2,000.0 million. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Indebtedness – Syndicated loan facility*" above for a description of the Syndicated Facilities.

***Market risk***

The Group enters into derivative contracts, in order to manage market risks. All such transactions are carried out within the guidelines specified in the Group's treasury policy. Generally, the Group seeks to apply IFRS hedge accounting in order to manage the volatility in the consolidated statement of profit or loss.

*Currency risk*

The Company's functional currency is UAE dirhams and its presentation currency is the U.S. dollar. The functional and reporting currency of the Group's subsidiaries, affiliates and associates varies depending on their geographic location. Accordingly, the Group is exposed to risks related to the translation of assets and liabilities denominated in currencies other than, or not pegged to, the U.S. dollar.

As at 31 December 2018, 63.9 per cent. of the Group's Net Operating Assets were denominated in foreign currencies (i.e., other than the functional currency of the Company, UAE dirhams). The Group partially mitigates the effect of such movements by borrowing in the same currencies as those in which the assets are denominated. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying foreign operations of the Group. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances. The impact of currency movements on operating profit is partially mitigated by interest costs being incurred in foreign currencies. The Group operates in some locations where the local currency is fixed to the Group's presentation currency (U.S. dollar) further reducing the risk of currency movements.

However, a portion of the Group's activities generate part of their revenue and incur some costs outside their main functional currency. Due to the diverse number of locations in which the Group operates there is some natural hedging that occurs within the Group. When it is considered that currency volatility could have a material impact on the results of an operation, hedging using foreign currency forward exchange contracts is undertaken to reduce the short-term effect of currency movements. When the Group's businesses enter into capital expenditure or lease commitments in currencies other than their main functional currency, these commitments are hedged in most instances using foreign currency forward exchange contracts in order to fix the cost when converted to the functional currency.

For additional discussion of the impact of foreign currency transactions and translations on the Group's results of operations, see Note 27 (*Financial Risk Management*) to the DPW 2018 Financial Statements.

***Interest rate risk***

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a fixed/floating interest rate and bank deposits. The Group's policy is to manage its interest cost by entering into interest rate swap agreements, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

As at 31 December 2018, after taking into account the effect of interest rate swaps, approximately 91 per cent. of the Group's borrowings carried interest at fixed rates. Not taking into account the effect of interest rate swaps hedging floating rate debt, U.S.$8,097.2 million of the Group's financial liabilities carried interest at fixed rate as at 31 December 2018 while U.S.$2,455.8 million of the Group's financial liabilities carried interest at floating rate as at the same date.

For additional discussion of the impact of interest rate movements on the Group's results of operations, see Note 27 (*Financial Risk Management*) to the DPW 2018 Financial Statements.

**Critical Accounting Policies and Estimates**

The preparation of the Group's financial statements in conformity with IFRS requires the Group to make many estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses. Those estimates and judgments are based on historical experience, available information, future expectations and other factors and assumptions that the Group believes are reasonable under the circumstances. The Group reviews its estimates and judgments on an ongoing basis and revises them when necessary. Actual results may differ from the original or revised estimates. A description of the Group's most critical policies, which the Group believes involve a significant degree of judgment or complexity or are areas where assumptions and estimates are significant to the preparation of its financial statements is set forth in Note 2(a) (*Use of estimates and judgements*) to the DPW 2018 Financial Statements.

## RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over it in making financial and operating decisions, or *vice versa*, or where the Group and the party are subject to common control or significant influence, i.e. part of the same parent group.

Related parties represent associated companies, shareholders, directors and key management personnel of the Group, PFZW, Dubai World and entities jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. The terms and conditions of the related party transactions were made on an arm's length basis. Dubai World operates a shared services unit ("**SSU**") which recharges the proportionate costs of services provided to the Group. SSU also processes the payroll for the Company and certain subsidiaries and recharges the respective payroll costs.

Transactions with related parties included in the consolidated financial statements are as follows.

| | **Six months ended 30 June 2019** | | | |
|---|---|---|---|---|
| | **Ultimate parent company[1]** | **Equity-accounted investees** | **Other related parties** | **Total** |
| | | *(U.S. dollars in thousands)* | | |
| *Expenses charged:* | | | | |
| Concession fee | — | — | 4,113 | **4,113** |
| Shared services | — | — | 157 | **157** |
| Other services[2] | — | — | 9,996 | **9,996** |
| Finance costs | — | — | 29,054 | **29,054** |
| *Revenue earned:* | | | | |
| Revenue | — | — | 7,151 | **7,151** |
| Management fee[3] | — | 7,000 | 8,720 | **15,720** |
| Finance income | — | 5,869 | — | **5,869** |

(1) Ultimate parent company refers to Dubai World.
(2) Other services includes mainly marine services fee, property management fee and IT services.
(3) Management fee income relates to management fee charged to various joint venture associates in accordance with the management fee agreements with these entities.

| | **Year ended 31 December 2018** | | | |
|---|---|---|---|---|
| | **Ultimate parent company[1]** | **Equity-accounted investees** | **Other related parties** | **Total** |
| | | *(U.S. dollars in thousands)* | | |
| *Expenses charged:* | | | | |
| Concession fee | — | — | 50,338 | **50,338** |
| Shared services | — | — | 529 | **529** |
| Other services[2] | — | — | 21,366 | **21,366** |
| Interest expense | 1,904 | — | — | **1,904** |
| *Revenue earned:* | | | | |
| Revenue | — | — | 12,875 | **12,875** |
| Management fee[3] | — | 16,238 | 18,085 | **34,323** |
| Interest income | 2,703 | 31,321 | — | **34,024** |

(1) Ultimate parent company refers to Dubai World.
(2) Other services includes mainly marine services fee, property management fee and IT services.
(3) Management fee income relates to management fee charged to various joint venture associates in accordance with the management fee agreements with these entities.

| | Year ended 31 December 2017 | | | |
|---|---|---|---|---|
| | Ultimate parent company[1] | Equity-accounted investees | Other related parties | Total |
| | (U.S. dollars in thousands) | | | |
| *Expenses charged:* | | | | |
| Concession fee | — | — | 49,517 | **49,517** |
| Shared services | — | — | 736 | **736** |
| Other services[2] | — | — | 19,923 | **19,923** |
| Interest expense | — | — | — | **—** |
| *Revenue earned:* | | | | |
| Revenue | — | — | 12,483 | **12,483** |
| Management fee[3] | — | 19,366 | 18,176 | **37,542** |
| Interest income | — | 28,368 | — | **28,368** |

(1) Ultimate parent company refers to Dubai World.
(2) Other services includes mainly marine services fee, property management fee and IT services.
(3) Management fee income relates to management fee charged to various joint venture associates in accordance with the management fee agreements with these entities.

Balances with related parties included in the consolidated statement of financial position are as follows.

| | As at 30 June | As at 31 December | | As at 30 June | As at 31 December | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2019 | 2018 | 2017 |
| | Due from related parties | | | Due to related parties | | |
| | (U.S. dollars in thousands) | | | | | |
| Ultimate parent company[1] | 2,396 | 2,383 | 2,217 | 1,509 | 1,605 | 219 |
| Parent company[2] | — | — | 902 | 5 | 565 | 5 |
| Equity-accounted investees | 133,380 | 375,751 | 347,289 | 3,078 | 2,067 | 3,107 |
| Other related parties | 34,920 | 24,872 | 13,001 | 12,923 | 11,663 | 8,911 |
| **Total** | **170,696** | **403,006** | **363,409** | **17,515** | **15,900** | **12,242** |

(1) Ultimate parent company refers to Dubai World.
(2) Parent company refers to PFZW.

Guarantees issued on behalf of equity-accounted investees amounted to U.S.$42.8 million as at 31 December 2018 (2017: U.S.$25.8 million).

In addition, on 11 January 2018, the Group acquired a 100 per cent. stake in Drydocks and DMC from Dubai World (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Financial Condition and Results of Operations – Acquisitions and divestments*").

On 2 May 2019, the Group announced a development project in Port Rashid in Dubai which will be developed by Emaar. In June 2019, the Group sold a plot of land to Emaar for development of the Mina Rashid area and the Group will receive approximately U.S.$450 million between the fourth and ninth year after commencement of operations as well as 30 per cent. of future profits.

**DESCRIPTION OF DP WORLD**

**Overview**

The Group is a leading enabler of global trade and an integral part of the supply chain. The Group operates multiple yet related businesses spanning marine and inland terminals, maritime services, logistics and ancillary services and technology-driven trade solutions. The Group organises its business into three divisions: (i) port and terminals; (ii) parks, logistics and economic zones ("**PLEZ**"); and (iii) maritime services.

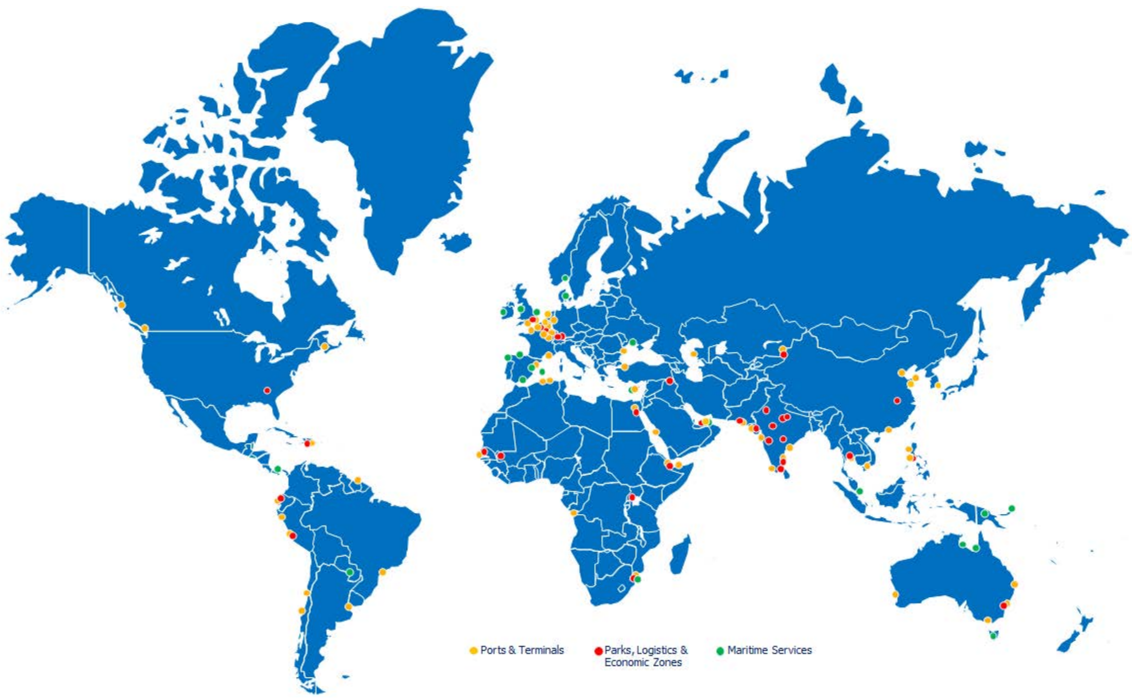
The ports and terminals division aims to meet the needs of dynamic global supply chains, as the Group develops and operates trade-enabling, strategically located, and state of the art infrastructure and services, including marine terminals, inland terminals, and cruise terminals. The ports and terminals division is the Group's largest division and represented approximately 76.1 per cent. of the Group's revenues for the year ended 31 December 2018.

The PLEZ division aims to provide end-to-end customer experience, by delivering integrated solutions across the containerised value chain, including industrial parks and economic zones as well as logistics services. The PLEZ division represented approximately 12.9 per cent. of the Group's revenues for the year ended 31 December 2018.

The maritime services division aims to complement the Group's global trade services, by providing maritime solutions through a wide portfolio of specialist vessels, river barging, chartering and port services. The maritime services division represented approximately 11.1 per cent. of the Group's revenues for the year ended 31 December 2018.

As at 31 December 2018, the Group managed over 150 operations in over 45 countries across six continents with a significant presence in both high-growth and mature markets. The Group aims to be essential to the future of global trade, ensuring everything it does has a long-lasting positive impact on economies and societies. As at 31 December 2018, the Group's portfolio had a gross capacity of 90.5 million TEU and, for the year ended 31 December 2018, the Group generated gross throughput of 71.4 million TEU, revenue of U.S.$5,646.3 million, profit for the year of U.S.$1,357.6 million and an Adjusted EBITDA of U.S.$2,808.0 million.

The following map sets out the countries in which the Group has operations:



For the purposes of financial reporting, the Group has the following three geographical segments:

- Middle East, Europe and Africa – over 70 operations in 27 countries as at 30 June 2019;
- Australia and Americas – over 30 operations in 13 countries as at 30 June 2019; and
- Asia-Pacific and Indian Subcontinent – over 40 operations in nine countries as at 30 June 2019.

The following table compares the Group's gross throughput by geographic segment for the six months ended 30 June 2019 to the six months ended 30 June 2018.

| | **Six months ended 30 June 2019** | **Six months ended 30 June 2018** | **Percentage growth** |
|---|---|---|---|
| | | *(TEU in thousands, unless %)* | |
| Middle East, Europe and Africa | 15,138 | 15,591 | (2.9)% |
| Australia and Americas | 4,428 | 4,408 | 0.4% |
| Asia-Pacific and Indian Subcontinent | 16,246 | 15,621 | 4.0% |
| **Gross throughput** | **35,811** | **35,620** | **0.5%** |

The Group's principal executive offices are located at JAFZA 17, Jebel Ali Free Zone, Dubai, UAE. The Group's registered office is P.O. Box 17000, Dubai, UAE and its telephone number is +971 4 881 1110. The Group's website address is www.dpworld.com. The information contained on this website is not incorporated by reference into, or otherwise included in, this Base Prospectus.

## History

The Company was incorporated in the DIFC on 9 August 2006 for the purpose of becoming the holding company for the ports-related commercial activities of Dubai World. On 1 January 2007, DP World FZE and Thunder FZE, which is the holding company for P&O, were transferred to the Company from Dubai Ports Authority, an affiliate of the Company. Prior to the transfer of DP World FZE and Thunder FZE, the Company did not have any operations. As a result of the transfer, the Company, together with its operating subsidiaries, conducts all of the ports-related commercial activities of Dubai World. Dubai Ports Authority continues to conduct all of the ports-related regulatory activities of the Government. Such regulatory activities have not been and will not be transferred to the Company.

With effect from 12 November 2018, the Company changed its form from a company limited by shares to a public company. As of the same date, the Company amended its legal name from "DP World Limited" to "DP World PLC".

As described below, as a result of the winning of new concessions around the world and the Group's acquisitions of CSX World Terminals ("**CSX WT**"), P&O and the EZW Group, the Group's business became focused principally on container terminal operations located primarily in the UAE to a truly global container terminal business. Since then the Group's acquisitions have further expanded its operations to become an enabler of global trade and an integral part of the supply chain. Set out below are some of the milestones the Group has achieved over the years.

***1972-1998: Local port operator***

- 1972. Development of Port Rashid (UAE).
- 1979. Opening of Jebel Ali Port (UAE).
- 1991. Port Rashid and Jebel Ali Port operations combined creating Dubai Ports Authority ("**DPA**").

***1999-2004: Regional port operator***

- 1999. Dubai Ports International FZE ("**DPI**") formed.
- 2000. Concessions won in Jeddah (the Kingdom of Saudi Arabia) and Doraleh (Djibouti).
- 2002. Concession won in Visakhapatnam (India).

- 2003. Concession won in Constanta (Romania).

- 2004. Concession won in Cochin (India).

***2005-2017: Global port operator***

- 2005. Acquired CSX WT. DPI rebranded under the name of "DP World" and separated from DPA.

- 2006. Acquired P&O (the "**P&O Acquisition**").

- 2006-2007. Global network and market position increased in Asia, India, Australia, the Americas, Europe and Africa.

- 2007. DP World listed on Nasdaq Dubai.

- 2013. Commenced operations at London Gateway (U.K.).

- 2014. Commenced operations at Jebel Ali Terminal 3 (UAE).

- 2015. Acquired EZW, a global developer and operator of economic zones.

- 2016. Concession won for the development of a greenfield multi-purpose port project at Posorja (Ecuador).

- 2016. Acquired an additional 23.94 per cent. stake in PNC (South Korea) from Samsung Corporation and its subsidiaries, increasing the Group's holding in PNC to 66.03 per cent.

- 2017. Acquired an additional 66.67 per cent. stake in Embraport (Brazil) which increased the Group's shareholding to 100 per cent. and the terminal was rebranded to DP World Santos.

***2018-present: Global trade enabler***

- 2018. Acquired Drydocks and Dubai Maritime City (UAE).

- 2018. Created investment platform with NIIF of up to U.S.$3 billion to invest in ports, transportation and logistics sector in India.

- 2018. Joint acquisition of logistics business Continental Warehousing Corporation (India) with NIIF.

- 2018. Acquired Cosmos Agencia Marítima (Peru), which owns a fully integrated logistics service business.

- 2018. Concession won for greenfield multi-purpose port in Banana (Democratic Republic of Congo).

- 2018. Concession won to build a free trade warehousing zone in Jawaharlal Nehru Port Trust (Navi Mumbai).

- 2018. Acquired Unifeeder (Denmark), the largest container feeder and growing shortsea network operator in Europe.

- 2019. Acquired P&O Ferries and P&O Ferrymasters, a pan European integrated logistics business.

**Listing of Shares**

On 26 November 2007, the entire issued share capital of the Company was admitted to the official list of securities of Nasdaq Dubai.

## Shareholders

The following table shows the beneficial owners of, and their respective interests in, the ordinary shares of the Company as at 30 June 2019.

| | As at 30 June 2019 | |
|---|---|---|
| | **Number of shares** | **Issued share capital (%)** |
| PFZW[1] | 667,735,000 | 80.450 |
| Public shareholders | 162,243,724 | 19.547 |
| Directors and senior managers | 21,276 | 0.003 |
| **Total** | **830,000,000** | **100.000** |

(1) PFZW is a free zone establishment formed and registered under the laws promulgated by JAFZA. PFZW is controlled by Dubai World, which is a holding company owned by the Government.

Each of the ordinary shares held by PFZW has the same voting rights attached to it as one of the ordinary shares held by any other holder.

Other than PFZW, the Group is not aware of any shareholder that, directly or indirectly, jointly or severally, owns or could exercise control over the Company.

## Competitive Strengths

The Group is a leading enabler of global trade and an integral part of the supply chain. The Group operates multiple yet related businesses spanning marine and inland terminals, maritime services, logistics and ancillary services and technology-driven trade solutions. The Group organises its business into three divisions: (i) port and terminals; (ii) PLEZ; and (iii) maritime services. The Group believes its network of over 150 operations across six continents (as at 30 June 2019), with new developments underway in Asia, Africa and the Americas, provides it with complementary strengths, which together position it as a market leader in the global container terminal industry. Additionally, recent acquisitions have complemented its ports and terminals business by providing complementary services in its PLEZ and maritime service divisions. In particular, the Group believes that its business is characterised by the following key competitive strengths:

### *Stable and long-term cash flow*

The Group believes that its portfolio benefits from a focus on O&D throughput. O&D throughput is cargo that has to either go to, or be collected from, a particular terminal because of its proximity to the point of consumption or distribution. Since O&D throughput is usually handled most cost-effectively by one port, normally closest to the point of consumption or production, O&D throughput is less likely to be lost to competitors and less price sensitive than transhipment throughput. In addition, the Group operates its business through long-term concessions (with an average concession life of around 37 years), enabling better returns as the Group's assets mature. In addition, JAFZ benefits from stable and recurrent revenue from diverse sources, as a result of which JAFZ benefits from low volatility of operating income (see "*Description of DP World – Free Zone Business*").

### *Growth rates*

For the year ended 31 December 2018, approximately 75 per cent. of gross throughput in the Group's portfolio of terminals came from countries that are considered to be Emerging or Frontier Markets, which include the Middle East and Africa, South America, South Asia and the Far East (as such terms are defined by the MSCI Frontier and Emerging Market indices). These economies are generally seen to be higher growth areas. According to the IMF, emerging market and developing economies output is projected to grow by 4.4 per cent. in 2019 and by a further 4.8 per cent. in 2020 while, in comparison, the global world output is projected to grow by 3.3 per cent. and 3.6 per cent., respectively, in the same years (*source*: IMF World Economic Outlook, April 2019). The Group's focus on faster growing emerging markets coupled with more resilient O&D cargo enables the Group to grow volumes across its portfolio.

Moreover, the Group has extensive experience in developing new capacity around the globe, including constructing new terminals from both greenfield and brownfield sites, as a result of winning new concessions for operational terminals and through the expansion of terminals within its own portfolio. In addition to the Group's existing portfolio increasing incremental capacity in line with customer demand, it currently has nine new developments and major expansion projects. These new development and major expansion projects give the Group flexibility to increase its existing gross capacity in line with market demand.

***High barriers to entry***

The Group's major operations enjoy leading positions in their respective geographic markets. Further, at these terminals, there are limited opportunities for competition from other port operators, other ports or other terminals within the same ports due to high barriers to entry. Some of these barriers include the limited number of port sites, the limited number of concessions available, government controls and high terminal construction costs. In particular, with the completion of the EZW Acquisition, the Group believes its ability to offer an "integrated port management" model at the Jebel Ali port by combining container handling facilities with economic free zones and infrastructure developments is a key differentiating factor relative to competition. The efficiencies promoted by Jebel Ali port's integrated logistics offering include two to three days road transit to anywhere in the GCC, which is considered a short transit time in the air cargo industry, and the ability to transport cargo to airport within 45 minutes of discharge from the Jebel Ali port.

In addition, the Group's long-term concession agreements also provide high barriers to entry and support long-term relationships with port authorities, shipping lines and joint venture partners. This means that there are few substitutes for the Group's services and the Group's business benefits from long-term GDP growth trends.

***Global network, managed locally***

The Group's terminals are managed locally and are supported operationally by the advantages of the Group's global network. With over 150 operations across six continents (as at 30 June 2019), with new developments underway in Asia, Africa and the Americas and approximately 8.9 per cent. of global market share of container port throughput on a gross throughput basis for the year ended 31 December 2018 (*source*: Drewry's Global Container Terminal Operators Annual Review and Forecast 2019), the Group believes that it has one of the most geographically diversified portfolio of terminals in the industry. The Group's asset base includes a diverse mixture of both established and newer terminals and a number of greenfield and brownfield projects that it is in the process of developing. The Group believes that this combination of development sites and fully operating facilities is key to facilitating its future growth strategies and ensuring that it is well positioned to meet its customers' requirements.

***Operational excellence***

The Group seeks to improve its operational efficiency and increase the capacity of its existing facilities by investing in advanced handling equipment. The Group is one of the innovators in the container terminal industry and has been successful in developing and enhancing container terminal capacity and efficiency in the regions in which it operates based on the needs and attributes of particular terminals while maintaining stringent safety standards. In 2018, the Group's terminals, in aggregate, handled 71.4 million TEU in gross volumes and had a high utilisation rate of 78.9 per cent. of its gross capacity, which was above the industry average for the same period. In light of the Group's increasing focus on automation (see "*Corporate Strategy – Strategic priorities*"), the Group believes that further improvements in its productivity and asset utilisation are possible over the coming years.

In 2018, the frequency of injuries per million hours worked, or lost time injury frequency rates (LTIFR), fell by 9.4 per cent. compared to 2017. During the same period, gross moves per hour (i.e., number of containers moved over the quay from and to a ship divided by the sum of hours in a period, for all cranes, between first lift and last lift) increased by 14.8 per cent.

***Experienced and international management team***

The Group's global business is run out of its head office in Dubai by the Company's Executive Committee (as set out under "*Management – Senior Management*"), who have significant industry experience. In addition, the Group's local operations are divided across three geographic areas, each managed by a senior executive, who has significant experience in the container terminal industry and extensive local and regional knowledge at the local level. Each senior executive is supported by a highly experienced team of local container terminal managers.

*Recognised brand*

The Group is a recognised brand for delivering excellent customer service, with a commitment to good corporate governance and corporate responsibility. The Group's international achievements were recognised in 2019 with the "Supply Chain Sustainability Award" at the Gulf Petrochemicals and Chemicals Association Supply Chain Conference, the "Best Container Terminal – Europe" at the Asian Freight, Logistics and Supply Chain Awards, "The Supply Chain Hub of the Middle East" award at the Middle East Logistics Awards for the third consecutive year, and the "Port Operator of the Year" award at the FTA Multimodal Awards.

In 2018, the Group won the "Leading Cruise Port – Middle East" award for the Mina Rashid port for the 11th consecutive year at the World Travel Awards as well as the "Terminal Operator of the Year" at the Maritime Standard Awards and the "Lloyds Loading List – Port Operator of the Year" award at the Global Freight Awards.

In 2017, in recognition of its sustained business excellence and best practices, the Group won the "Dubai Quality Award", the "Best Seaport – Middle East" award for its flagship Jebel Ali port for the 24th consecutive year at the Asian Freight and Supply Chain Awards and the "Port of the Year" award for the Jebel Ali port for the eighth consecutive year at the Supply Chain and Transport Awards.

**Corporate Strategy**

The Group's strategy is to lead the future of world trade. Its vision is to maximise shareholder value through leveraging its portfolio of world-class infrastructure assets, strengthen global supply chains and generate sustainable economic growth. The Group's three main strategic objectives are: (i) drive profitable and sustainable growth through a world-class portfolio of assets and services; (ii) develop new revenue streams through acquiring new customer segments and service portfolio; and (iii) maintain strategic advantage through investing in digital and innovative opportunities.

The Group seeks to deliver on its strategic objectives through its key business lines:

- *ports and terminals:* to meet the needs of dynamic global supply chains, the Group seeks to develop and operate trade-enabling, strategically located and state of the art infrastructure and services, including marine terminals, inland terminals, and cruise terminals;

- *PLEZ:* to provide end-to-end customer experience, the Group aims to deliver integrated solutions across the containerised value chain, including industrial parks, economic zones, and logistics services; and

- *maritime services:* to complement its global trade services, the Group seeks to provide maritime solutions through a wide portfolio of specialist vessels, river barging, chartering and port services.

The Group seeks to lead its business in following its strategy through the following:

- *customer relationship and operational excellence:* the Group's customers are a central focus and to ensure they remain completely satisfied with its global portfolio, the Group continually strives to improve and enhance its services; this operational excellence provides industry-leading processes and systems to benefit all its customers;

- *people, culture and safety:* the DP World Institute runs training and development programmes globally for employees and industry professionals across the supply chain. The Group has taken steps to seek to further embed a culture that nourishes diversity and innovation and the Group is fully committed to zero harm to people and creating a safety culture throughout;

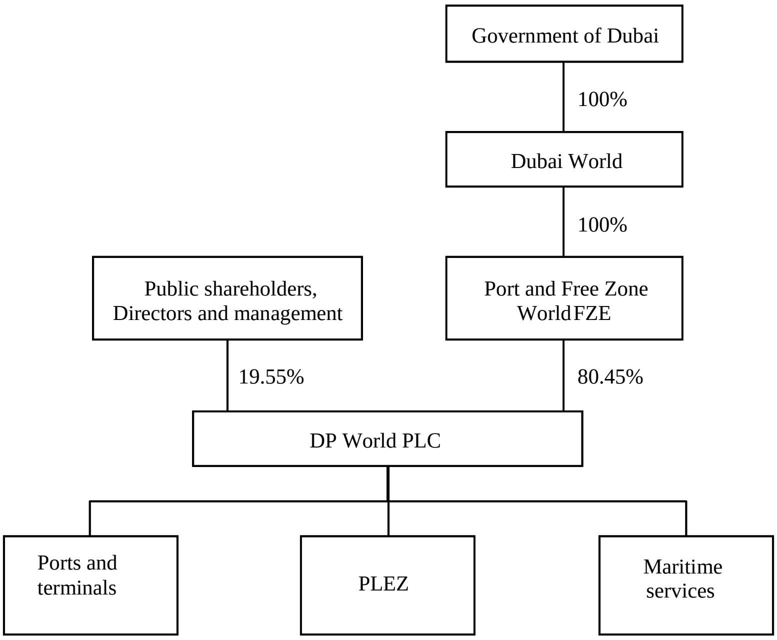
- *community and environment:* the Group has made a major long-term investment, through the "Our World, Our Future" programme, to drive best practice and foster innovation in sustainability around the world. It has commitments and action plans to protect the environment and take steps towards building a vibrant, secure and resilient society;

- *finance, governance and risk:* the Group looks to adopt the highest standards of professionalism and ethical behaviour throughout the Group. As a global organisation, management believes the corporate governance policies followed by the Group are compatible with international best practice. The Group's approach to understanding, measuring and managing risk and returns from our investments helps to maintain its status as an industry leader; and

- *technology and innovation:* the Group invests in technology and innovation to provide its customers the best experience, build differentiated capabilities, and optimise its operations. It focuses on applying cutting edge technologies that will transform performance such as big data and analytics, robotics, and artificial intelligence.

**Organisational, Reporting and Operational Structure**

Dubai World, through its shareholding of the Company's majority shareholder, PFZW, beneficially owns approximately 80.45 per cent. of the Company's issued and outstanding share capital (see "*Description of DP World – Shareholders*"). Dubai World itself is wholly-owned by the Government. The following chart illustrates the Group's organisational structure and the three business divisions for its principal business activities.




***Business divisions***

The following tables list the Group's operating businesses as at 30 June 2019 (the Group operates more than one terminal in certain businesses).

*Significant subsidiaries – ports*

| **Legal name** | **Country of incorporation** | **Principal activities** |
|---|---|---|
| Terminales Rio de la Plata SA | Argentina | Container terminal operations |
| DP World Australia (Holding) Pty Ltd | Australia | Container terminal operations |
| Empresa Brasileira de Terminais Portuarious S.A. | Brazil | Container terminal operations |
| DP World (Canada) Inc. | Canada | Container terminal operations |
| DP World Prince Rupert Inc. | Canada | Container terminal operations |
| DP World Saint John, Inc. | Canada | Container terminal operations |
| Puertos y Logistica S.A. | Chile | Container terminal operations |
| DP World Limassol Limited | Cyprus | Multi-purpose and general cargo terminal operations |
| DP World Sokhna SAE | Egypt | Container terminal operations |
| DP World Posorja S.A. | Ecuador | Container terminal operations |
| Chennai Container Terminal Private Limited | India | Container terminal operations |
| India Gateway Terminal Private Ltd | India | Container terminal operations |
| Mundra International Container Terminal Private Limited | India | Container terminal operations |

| Legal name | Country of incorporation | Principal activities |
|---|---|---|
| Nhava Sheva International Container Terminal Private Limited | India | Container terminal operations |
| Nhava Sheva (India) Gateway Terminal Private Limited | India | Container terminal operations |
| DP World Middle East Limited | Kingdom of Saudi Arabia | Container terminal operations |
| DP World Maputo S.A. | Mozambique | Container terminal operations |
| Qasim International Container Terminal Pakistan Ltd | Pakistan | Container terminal operations |
| DP World Callao S.R.L. | Peru | Container terminal operations |
| Doraleh Container Terminal S.A.(1) | Republic of Djibouti | Container terminal operations |
| Integra Port Services N.V. | Republic of Suriname | Container terminal operations |
| Suriname Port Services N.V. | Republic of Suriname | General cargo terminal operations |
| Constanta South Container Terminal SRL | Romania | Container terminal operations |
| DP World Dakar SA | Senegal | Container terminal operations |
| DP World Berbera | Somaliland | Container terminal operations |
| Pusan Newport Co., Ltd | South Korea | Container terminal operations |
| DP World Tarragona SA | Spain | Container terminal operations |
| DP World Yarımca Liman İşletmeleri AS | Turkey | Container terminal operations |
| DP World UAE Region FZE | United Arab Emirates | Container terminal operations |
| London Gateway Port Limited | United Kingdom | Container terminal operations |
| Southampton Container Terminals Limited | United Kingdom | Container terminal operations |
| Saigon Premier Container Terminal | Vietnam | Container terminal operations |

(1) This entity has been deconsolidated from the financial statements due to the dispute between the Group and the Djibouti government. For more information, see "*Description of DP World – Legal Proceedings*".

*Significant associates and joint ventures – ports*

| Legal name | Country of incorporation | Principal activities |
|---|---|---|
| Djazair Port World Spa | Algeria | Container terminal operations |
| DP World DjenDjen Spa | Algeria | Container terminal operations |

| Legal name | Country of incorporation | Principal activities |
|---|---|---|
| Antwerp Gateway N.V | Belgium | Container terminal operations |
| Caucedo Investments Inc. | British Virgin Islands | Container terminal operations |
| Eurofos SARL | France | Container terminal operations |
| Generale de Manutention Portuaire S.A | France | Container terminal operations |
| Goodman DP World Hong Kong Limited | Hong Kong | Container terminal operations and warehouse operations |
| Visakha Container Terminals Private Limited | India | Container terminal operations |
| Rotterdam World Gateway B.V. | Netherlands | Container terminal operations |
| Qingdao Qianwan Container Terminal Co., Ltd | People's Republic of China | Container terminal operations |
| Yantai International Container Terminals Ltd | People's Republic of China | Container terminal operations |
| Terminales Portuarios Euroandinos Paita S.A. | Peru | Container terminal operations |
| Asian Terminals Inc | Philippines | Container terminal operations |
| Laem Chabang International Terminal Co. Ltd | Thailand | Container terminal operations |

*Significant other non-port business*

| Legal name | Country of incorporation | Principal activities |
|---|---|---|
| P&O Maritime Services Pty Ltd | Australia | Maritime services |
| DP World Antwerp Terminals N.V. | Belgium | Ancillary container services |
| Unifeeder A/S | Denmark | Maritime transport and logistics |
| Unimed Feeder Services A/S | Denmark | Maritime transport and logistics |
| DP World Germersheim GmbH and Co. KG | Germany | Inland container terminal operations |
| DP World Germany B.V. | Netherlands | Inland container terminal operations |
| Container Rail Road Services Pvt Limited | India | Container rail freight operations |
| Continental Warehousing Corporation (Nhava Seva) Limited | India | Logistics, warehousing and transportation services |
| Nhava Sheva Business Park Private Limited | India | Free trade warehousing zone |

| Legal name | Country of incorporation | Principal activities |
|---|---|---|
| Empresa de Dragagem do Porto de Maputo, S.A. | Mozambique | Dredging services |
| Maputo Intermodal Container Depot, SA | Mozambique | Inland container depot and warehousing |
| Sociedade de Desenvolvimento do Porto de Maputo, S.A. | Mozambique | Port management and cargo handling |
| DP World Peru S.R.L. | Peru | Terminal related activities |
| Cosmos Agencia Marítima S.A.C. | Peru | Logistics, maritime and warehousing services |
| Neptunia S.A. | Peru | Logistics and warehousing services |
| Triton Transports S.A. | Peru | Logistics services |
| Port Secure FZCO[(1)] | Republic of Djibouti | Port security services |
| Remolcadores de Puerto y Altura, S.A. | Spain | Maritime services |
| Remolques y Servicios Marítimos, S.L. | Spain | Maritime services |
| Dubai International Djibouti FZE | United Arab Emirates | Port management and operation |
| Drydocks World LLC | United Arab Emirates | Ship building, repairs and docking services |
| Dubai Trade FZE | United Arab Emirates | Trade facilitation through integrated electronic services |
| Maritime World LLC | United Arab Emirates | Property development and leasing |
| P&O Maritime FZE | United Arab Emirates | Maritime services |
| P&O Marinas FZE | United Arab Emirates | Operating marinas and property leasing |
| World Security FZE | United Arab Emirates | Security services |
| Jebel Ali Free Zone FZE | United Arab Emirates | Management, operation and development of free zones, economic zones and industrial zones |
| P&O Maritime Yuzhny FZCO | Ukraine | Maritime services |
| LG Park Freehold Limited | United Kingdom | Management and operation of industrial parks |

(1) This entity has been deconsolidated from the financial statements due to the dispute between the Group and the Djibouti government. For more information, see "*Description of DP World – Legal Proceedings*".

## Ports and Terminals Business

### *Overview*

The ports and terminals division aims to meet the needs of dynamic global supply chains, as the Group develops and operates trade-enabling, strategically located, and state of the art infrastructure and services, including marine terminals, inland terminals, and cruise terminals. The Group believes that its portfolio represents a well-diversified business in terms of geographic spread, political risk, currency fluctuation and level of economic development, with operations divided into the following three geographical segments: (i) Middle East, Europe and Africa; (ii) Asia-Pacific and Indian Subcontinent; and (iii) Australia and Americas.

### *Core services*

The Group's core ports services are comprised of container cargo handling, which accounts for the significant majority of the Group's revenue from operations and net profit, as well as general cargo handling and Ro-Ro services.

### *Container cargo handling*

The core services for containerised handling consist of lifting containers on and off of vessels, storing containers in the relevant terminal and facilitating the delivery and receipt of containers. The two main categories of throughput are O&D, which is also often referred to as import and export, and transhipment. O&D throughput differs from transhipment throughput primarily because O&D throughput has to go to, or be collected from, a particular terminal because of its proximity to the point of consumption or distribution. This makes O&D throughput more stable and the Group has more control over setting the price for O&D throughput compared with transhipment where the price is driven by the customer and global competition. O&D throughput also provides the Group with opportunities to earn additional revenue by charging for delivery or receipt of the container from the shipper or consignee, as well as by providing ancillary services, such as storage and container cleaning. For the year ended 31 December 2018, the Group estimates that approximately 70 per cent. of its gross throughput was O&D throughput.

### *General cargo handling and Ro-Ro services*

In addition to container cargo handling services, some of the Group's ports offer general cargo handling and Ro-Ro services at some of their terminals. The Group believes that by offering superior service and handling facilities, it is able to attract general cargo vessels carrying a wide variety of non-containerised goods. The Group's Ro-Ro facilities are designed to accommodate vessels that carry wheeled cargo, such as automobiles. The defining feature of Ro-Ro vessels is a built-in ramp, which allows cargo to be efficiently "rolled on" and "rolled off" the vessel when in port.

### *Customers*

The Group's customers comprise over 150 carriers and cargo interests, including all of the top 11 global container shipping lines (*source*: Alphaliner and internal Company data), as well as general cargo and car carriers. The Group also performs logistics activities whereby it deals directly with both transport companies and the ultimate owners of the relevant cargo, such as manufacturers, traders and importers. The Group has continued to invest in its operations to improve its service to its customers with a number of the Group's terminals benefitting from new cranes and yard equipment.

Contracts in the container terminal industry are characterised by relatively long terms, usually in the range of one to three years, and typically, although not exclusively, require cause to allow early termination. However, in certain regions, a limited number of contracts may have relatively short notice periods in respect of termination, often only of one year, and allow for termination without cause.

### *Business development*

New opportunities are identified by multiple sources throughout the organisation and through the many different channels yielded by the Group's extensive network, including discussions with its customers and with government representatives and authorities. The Group has a clearly defined strategy for its business development activity that allows it to efficiently short-list and pursue opportunities that will likely add the greatest potential value to its business. The Group evaluates new business opportunities based both on the initial investment it will be required to make and the potential future expected growth opportunity associated with the asset. The Group's preference when looking at new opportunities is to achieve an appropriate balance between established and developing sites, a predominance of O&D cargo and locations in the faster growing emerging markets.

***Concessions***

The Group's terminal operations are substantially conducted pursuant to long-term operating concessions or leases entered into with the owner of a relevant port for terms generally between 20 and 50 years. Based on the Group's experience, incumbent operators are typically granted renewal of operating concessions leases, often because it can be costly for a port owner to switch operators, both administratively and due to interruptions to port operations and reduced productivity associated with such transitions. The Group commonly starts negotiations regarding the renewal of concession agreements with approximately five to ten years remaining on the term and often obtains renewals of or extensions on concession agreements in advance of their expiration in return for a commitment to make certain capital expenditures in respect of the subject terminal. The Group's portfolio at 30 June 2019 had an average concession life of approximately 37 years.

The Group generally seeks to structure its concession agreements to have payment terms with a fixed and a variable element. The Group believes that these payment terms help align the concessionaire's and the Group's interests to maximise throughput since the variable element of the fee payable to the concessionaire is calculated on throughput through the relevant port. The concessionaire is therefore incentivised to provide a good land side service so that the level of throughput, and their corresponding fee, is increased.

***Portfolio***

*Middle East, Europe and Africa Region*

<u>UAE</u>

- <u>*Overview*</u>*:* the UAE is an important trading hub for the Middle East, African and Indian Ocean rim countries. The Group has been operating in the UAE since 1972, initially at Port Rashid (Dubai) and subsequently at DP World Jebel Ali (Dubai) and Hamriya Port (Dubai). DP World Jebel Ali is the Group's flagship facility and is currently undergoing a major expansion. DP World Jebel Ali can accommodate the required draft of any container vessel in existence or on order and deploys the largest quayside cranes currently in operation in the world, capable of lifting two forty-foot containers or four twenty-foot containers at a time.

- <u>*Competitive position*</u>*:* the Group believes that it holds the strongest market position as a terminal operator compared with any other operator in the UAE and Middle East due to the high volumes of O&D cargo having to use DP World Jebel Ali (*source*: Drewry's Global Container Terminal Operators Annual Review and Forecast 2019). The EZW Acquisition allowed the Group to enhance its port and logistics offering to its customers in Dubai by combining container handling facilities with economic free zones and infrastructure developments. The Group's container operations at DP World Jebel Ali are strengthened by being adjacent to the Free Zone, which is home to over 7,500 companies from over 130 countries and generates significant volumes of captive container traffic for the Group. The efficiencies promoted by Jebel Ali port's integrated logistics offering include two to three days road transit to anywhere in the GCC, which is considered a short transit time in the air cargo industry, and the ability to transport cargo to airport within 45 minutes of discharge from the Jebel Ali port.

- <u>*Other activities*</u>*:* in addition to container cargo handling, certain of the Group's facilities in the region offer general and bulk cargo handling, Ro-Ro, reefers (being refrigerated shipping containers for transporting perishables), tanker facilities and container repair, commercial trucking, sea-air cargo, logistics and/or other terminal services.

<u>*Middle East (excluding UAE) and Africa*</u>

- <u>*Overview*</u>*:* the Group has been present in Jeddah (Kingdom of Saudi Arabia) since it won the contract to manage the Jeddah Islamic port in 1999. In the third quarter of 2007, through its acquisition of Siyanco DPA, the Group acquired a 100 per cent. ownership interest in Jeddah South

Container Terminal (Kingdom of Saudi Arabia), which the Group had previously operated pursuant to a management contract and is focused on attracting long-term O&D customers not only for the local Jeddah market, but also for the Riyadh market once the Saudi Arabian government completes the proposed rail-land bridge.

In 2008, through the acquisition of the Sokhna Port Development Company, the Group acquired a 90 per cent. ownership interest in DP World Sokhna (formerly Sokhna Port) and subsequently increased its ownership interest to 100 per cent. in 2013. DP World Sokhna is the closest container port to Cairo and is located within the 90 square kilometre North West Suez Economic Zone, the first of its kind in Egypt. In October 2010, an agreement was signed between DP World Sokhna and the Red Sea Ports Authority which allowed for an additional terminal to be constructed at the Sokhna port and extended the concession to 35 years after completion of the construction of a new terminal.

The Group's presence in Africa began in 1995 when P&O obtained the concession to operate the container terminal in Maputo port in Mozambique, now rebranded DP World Maputo. In 2007, the Group was awarded the concession to operate the existing container terminal in the Port of Dakar (Senegal) and the development of the new terminal at Port du Futur (Senegal). In January 2016, the Group was granted a 25-year concession to develop and operate an inland container depot in Kigali (Rwanda). In September 2016, the Group won a 30-year concession with an automatic 10-year extension for the management and development of a multi-purpose port project at Berbera, Republic of Somaliland which will open a new point of access to the Red Sea. In March 2018, the Group won a 30-year concession with an option of a further 20-year extension for the management and development of a greenfield multi-purpose port project at Banana (Democratic Republic of Congo) which will be the first deep-sea port in the country.

The Group is also present in Djibouti through operations at DP World Doraleh and Djibouti Dry Port and has been engaged in a multi-year dispute with the Djibouti government regarding its operations in the country (see further "*Description of DP World – Legal Proceedings*").

- *Competitive position:* the Group currently faces intra-port competition at Jeddah Islamic port (Kingdom of Saudi Arabia) from the North Terminal in Jeddah and from the Red Sea Gateway Terminal, which was developed on existing land within the port adjoining the North Terminal. This leads to competition and imbalances in supply and demand. King Abdullah port, 135 kilometres north of Jeddah, also competes for Saudi Arabia-bound cargo as well as regional transhipment. The Group faces inter-port competition for regional transhipment throughput from Salalah and the Mediterranean hub ports for mainline relay business.

  Since Africa is an emerging region, competitor presence is limited relative to other regions globally. The Group holds strong positions in its operating locations in Africa. Dakar, Djibouti, Maputo and Sokhna have no intra-port competition and limited regional competition. The Group's key regional competitors in Africa are APM Terminals and Bollore Africa Logistics.

- *Other activities:* in addition to the Group's container terminal business, its terminal at Jeddah offers reefer facilities. Sokhna offers container business, break bulk and general cargo, passenger vessels and liquid terminal facilities.

*Europe*

- *Overview:* the Group's operations in Europe are well established, with facilities in Western and Eastern Europe. Most of the terminals offer deep water access and are strategically located to reach the major markets of the U.K. and Continental Europe.

  The Group's operations in Europe include terminals covering markets from North Europe to the Mediterranean and the Black Sea. As well as investing in its existing facilities to improve service and increase capacity, the Group also continues to explore new opportunities in this region and commenced operations at DP World London Gateway on the River Thames in the U.K. in November 2015. The Group is also present at Rotterdam World Gateway (The Netherlands), which is the first container terminal on the new Maasvlakte 2 reclamation development in Rotterdam, which commenced operations in 2015, and DP World Yarimca (Turkey).

In November 2015, the Southampton concession agreement was extended until 2047. The Group also acquired the remaining stake in DP World Southampton, making the Group the sole owner of this business. In 2018, the Group acquired Unifeeder (Denmark), the largest container feeder and growing shortsea network operator in Europe. Further, in February 2019, the Group announced the acquisition of 100 per cent. ownership in the holding company of P&O Ferries and P&O Ferrymasters, which are a pan-European integrated logistics business consisting of: (i) a market leading roll-on roll-off ferries operation; and (ii) a European transportation and logistics solutions provider.

- *Competitive position:* Western Europe is a well-established market characterised by high stability of throughput with moderate growth. Competition between ports across Western Europe is well developed, and the Group's key global competitors Hutchison Port Holdings, APM Terminals and PSA International are well established there. Hamburger Hafen und Logistik AG is one of the significant local operators there. While Brexit may occur in 2019, most of London Gateway's throughput is from countries outside of Europe.

  The Eastern European market is less developed but has potential for growth given its strategic location. DP World Constanta is a large and modern facility on the Black Sea and acts as a hub for other Black Sea ports in Ukraine, Bulgaria and Turkey. While Constanta port is currently the only deep-sea port with direct access to the Danube inland waterway (which handles container barge traffic to the former Yugoslavia), surrounding countries are developing modern, deep-water container terminals, which may compete with DP World Constanta for transhipment traffic or reduce the need for transhipment at Constanta port.

- *Other activities:* in addition to container cargo handling, certain of the Group's facilities in the region offer general and bulk cargo handling, Ro-Ro services, container freight station, stuffing and unstuffing warehousing and reefer facilities and logistics, empty depot, custom documentation and/or other terminal services. The Group also operates a fleet of Rhine River barges that connect DP World Germersheim with the deep-water ports of Rotterdam and Antwerp and receives daily shuttle trains at the terminal with containers from Rotterdam.

*Australia and Americas Region*

*Australia*

- *Overview:* the Group operates container terminals in four state capital cities of Australia (Brisbane, Sydney, Melbourne and Fremantle (serving Perth)) and can trace the origins of its operations in Australia to the formation of P&O in the 19th century. In addition, all of the Group's terminal operations in Australia benefit from excellent rail links between the terminals and the relevant surrounding hinterland.

- *Competitive position:* historically, the major Australian ports of Sydney, Melbourne, Brisbane and Fremantle have each developed dual container terminal operator structures to ensure that competition exists within each port, and the Group is one of only two companies that currently operate container terminals in Australia. The Group's main competitor is the Asciano Group's Patrick Stevedores division, which is present in every Australian port in which the Group operates. However, in April 2007, the Port of Brisbane Corporate announced the introduction of the third operator with Hutchison Port Holdings being awarded the lease for Berths 11 and 12, which became operational in 2012 and 2014, respectively. In addition, Hutchison Port Holdings has opened a terminal in Sydney while International Container Terminal Services Inc. has opened a terminal in Melbourne.

- *Other activities:* as part of the P&O Acquisition, the Group acquired P&O Maritime Services based in Melbourne (Australia). Through its ownership, operation and management of a fleet of specialised vessels, P&O Maritime Services provides shipping, cargo, port, charter and agency services to a diverse range of government and industrial customers in Australia, as well as Argentina, Equatorial Guinea, Ireland, Mozambique, Paraguay, Spain, the UAE and the U.K.

  A significant majority of the revenue of P&O Maritime Services is derived from its major clients, including the Australian Government Antarctic Division, Glencore plc and Siderar.

*Americas*

- *Overview:* P&O entered the South American market in 1994 when it was awarded the concession to operate Terminals Rio de la Plata (Argentina). In addition, CSX WT had developed operations at Caucedo (Dominican Republic) in 2004 and P&O acquired operations in Vancouver (Canada) in 2003. The Group's operations in the Americas were further strengthened by the commencement of operations in DP World Callao (Peru) in 2010, Embraport (Brazil) in 2013 and Saint John (Canada) in 2017. The Group also has a majority stake in the largest terminal operator in the Suriname port (which is the most modern facility in the Guyana-French Guiana range) and operates a terminal in Nanaimo on Vancouver Island (Canada). In 2015, the Group also acquired DP World Prince Rupert (Canada). DP World Prince Rupert has the capacity to handle 1,350,000 TEU annually. The next phase of the terminal expansion will make Prince Rupert the second largest port in Canada, with a capacity of 1,800,000 TEU upon completion in 2022. DP World Prince Rupert's concession currently runs to 2034 but is expected to be extended to 2056 upon completion of its expansion. In June 2016, the Group won a 50-year concession for the development of a greenfield multi-purpose port project at Posorja (Ecuador), 65 kilometres from the country's main business city of Guayaquil. In November 2017, the Group acquired the remaining 66.67 per cent. ownership stake in Embraport which increased DP World's shareholding to 100 per cent. and the terminal was rebranded to DP World Santos. DP World Santos is the largest Brazilian private multi-modal port terminal and operates in the Port of Santos. In 2018, the Group's acquisition of Cosmos resulted in the Group's acquisition of a 50 per cent. stake in Terminales Portuarios Euroandinos Paita S.A. in the Port of Paita (Peru), which is one of the largest container terminals in Peru. In 2019, the Group acquired Pulogsa which operates a long term concession for Puerto Central in San Antonio in Chile's Central Region V as well as owning and operating Puerto Linquen in Chile's Southern Region VIII.

- *Competitive position:* the Americas geographical area remains highly fragmented, with many independent companies operating single terminals in key markets and government owned entities maintaining a significant presence. Given the strategic position of the Group's facilities as regional gateway ports, the Group is able to serve cargo owners and shipping lines at five key gateways on the West Coast in Latin America and is the third largest operator in South America (*source*: Drewry's Global Container Terminal Operators Annual Review and Forecast 2019). DP World Prince Rupert (Canada) offers the shortest sailing distance for the key Shanghai to West Coast route with at least 459 fewer nautical miles compared to its closest U.S. competitor, which equates to a saving of approximately six days. DP World Prince Rupert is also able to evacuate the containers onto rail within two days on average, which is at least twice as fast as its U.S. competitors. The port has a close relationship with the Canadian National Railways, which is well-connected to major cities and is able to reach Chicago within five days, providing a saving of at least nine days, which is a compelling proposition for cargo owners.

- *Other activities:* in addition to container cargo handling, certain of the Group's facilities in the region offer general and bulk cargo handling, reefer, on-dock rail and cruise and ferry passenger facilities and/or other terminal services. In Vancouver (Canada), the Group's general stevedoring operation principally encompasses Ro-Ro automobiles and bulk grain. Terminales Rio de la Plata is the exclusive cruise terminal operator in Buenos Aires, which is a major seasonal cruise destination.

*Asia-Pacific and Indian Subcontinent Region*

*Asia-Pacific*

- *Overview:* the Group's origins in the Asia-Pacific date back to 1973, when Sea-Land Service, Inc. ("**Sea-Land**"), which was acquired by CSX Corporation in 1986, developed CT3 (Hong Kong). It subsequently developed additional significant operations in China (including Hong Kong), as well as a greenfield project in Pusan (South Korea), which commenced operations in 2006. Since the early 1990s, P&O gradually acquired or built facilities in China (including Hong Kong), Indonesia, the Philippines, Thailand and Vietnam. The Group currently has a strong presence in key manufacturing heartlands of China. For instance, the Group operates the Qingdao Qianwan Container Terminal (China), which serves the hinterland of the Shandong province in China and offers convenient and economical access for the Huangdao district in the Shandong province as well as the western hinterland. The Group also has interests in the fast-growing economies of

South-East Asia. The Group's Asia-Pacific operations are managed from Hong Kong, with sub-regional offices in Shanghai, which focuses on north and central China, and Manila, which focuses on South-East Asia. In April 2019, the Group's concession in Indonesia ended. The Group operated this concession through its joint venture, PT Terminal Petikemas Surabaya (in which the Group held a 49 per cent. stake).

- *Competitive position:* the Group has a significant presence in the Asia-Pacific market, with a strong presence in the key gateway ports in China (namely Qingdao Qianwan Container Terminal (China), Tianjin Orient Container Terminal (China), CT3 (Hong Kong) and Yantai International Container Terminals (China)) and in many strategic locations across the region (including Thailand, the Philippines, Vietnam and South Korea). The Group also owns a logistics facility in Yantian and Hong Kong. The Group opened the Saigon Premier Container Terminal (now DP World Saigon) in Vietnam in October 2009. The Group's key global competitors in the region include Hutchison Port Holdings, PSA International and Cosco Group.

- *Other activities:* in addition to container cargo handling, certain of the Group's facilities in the region offer general and bulk cargo handling, ferry, Ro-Ro, reefer and container freight station facilities and container repair and/or other terminal services. The Group also operates a break bulk cargo terminal in the Philippines.

*Indian Subcontinent*

- *Overview:* the Group has been present in the Indian Subcontinent since 1997 when P&O obtained the concession to operate Qasim International Container Terminal (now DP World Karachi) in Bin Qasim (Pakistan) and participated in the first Indian port privatisation at Nhava Sheva International Container Terminal (now DP World Nhava Sheva) in the Jawaharlal Nehru Port Trust (Navi Mumbai). Since then, the Group has expanded its presence in the region significantly. The Group's terminals are well-positioned to service customers in the hinterlands of India and Pakistan.

- *Competitive position:* the Group is a market leader in India (*source*: Drewry's Global Container Terminal Operators Annual Review and Forecast 2019). It faces intra-port and regional competition from other global operators. The Group's strong position, combined with a high proportion of O&D traffic and market growth potential, makes the Indian Subcontinent an extremely important part of the Group's global portfolio.

- *Other activities:* in addition to container cargo handling, certain of the Group's facilities in the region offer general and bulk cargo handling, container storage, internal terminal transport, reefer and container freight station facilities, lashing, stuffing and de-stuffing and/or other terminal services and container rail road logistics.

**Parks, Logistics and Economic Zones Business**

***Overview***

On 16 March 2015, the Company acquired the EZW Group from PFZW which resulted in the formation of the leading integrated port and free zone in the Middle East region. The EZW Acquisition allowed the Group to enhance its port and logistics offering to its customers in Dubai by strengthening the integration between the Company's flagship Jebel Ali port in Dubai and EZW's primary business unit, JAFZ, and optimising investment levels in both locations. The EZW Acquisition also protected the Jebel Ali port against the risk of potential third-party ownership of JAFZ, as well as continued the Group's track record of investment in Dubai, as a regional hub, to strengthen its leadership in the high-growth Middle East region.

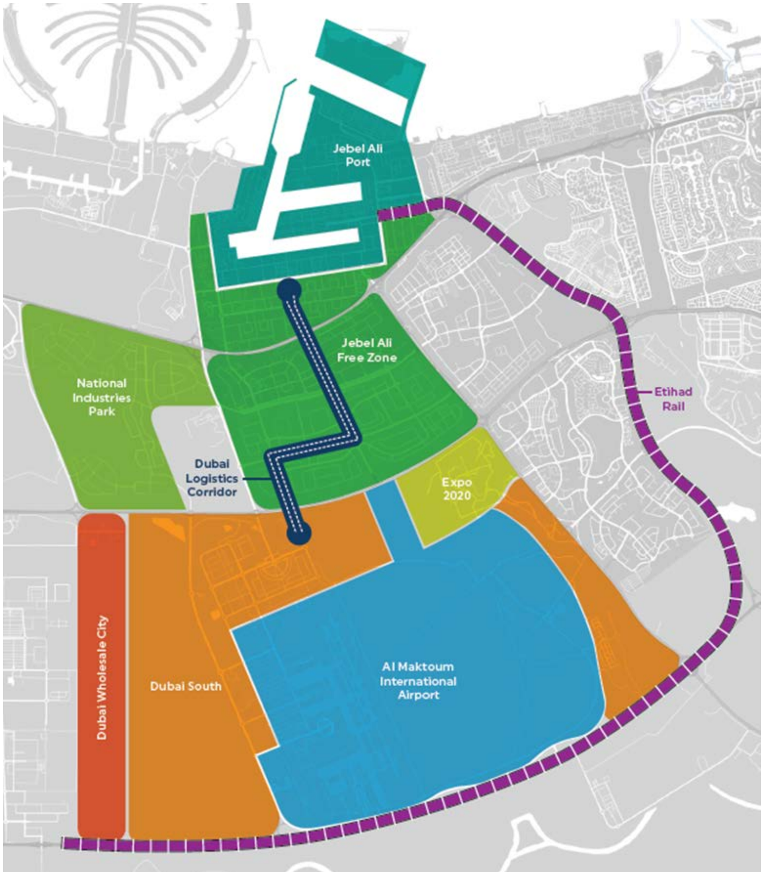
Through the EZW Acquisition in 2015 the Group became a provider of industrial and logistics infrastructure. Over the years this has evolved into the Group's PLEZ business. PLEZ aims to own, develop and operate a network of industrial, logistics parks & special economic zones in strategic locations globally. This provides the Group with a differentiated port/PLEZ development capability in its bid to expand its network. This also allows the Group to aim to deliver an integrated logistics solution to its customers, bringing it closer to major stakeholders and end users. Further, it creates production and distribution platforms which can contribute in generating additional volume via the Group's terminals.

### *JAFZ*

*Overview*

JAFZ was established as a free zone on 5 March 2006 pursuant to Law No. 9 of 1992 of the Emirate of Dubai, with a mandate to realise the maximum commercial value from operational and commercial activities within the Free Zone (with JAFZA retaining the regulatory function in relation to the Free Zone).

The Free Zone is one of the largest operating free zones in the GCC and offers a number of incentives to foreign companies to establish operations in the Free Zone including, *inter alia*, 100 per cent. foreign ownership of establishments organised in the Free Zone and zero corporate and income tax rates for a minimum period of fifty years from the date of commencement of business by a company in the Free Zone. The Free Zone consists of an area adjoining the main road running through the Emirate of Dubai (Sheikh Zayed Road). The Free Zone is connected to a dedicated logistics corridor (the Dubai (Sea-Air) Logistics Corridor) connecting the Jebel Ali port, the Free Zone and the Al Maktoum International Airport for streamlined and efficient movement of cargo. The image below illustrates the area comprising JAFZ and its juxtaposition to the Jebel Ali port, Sheikh Zayed Road and the Al Maktoum International Airport (see also "*Description of DP World – Ports and Terminals Business – Portfolio – Middle East, Europe and Africa Region – UAE*").




*Business activities*

Since its establishment, JAFZ, as the legal entity that can grant leases to customers in the Free Zone under Dubai law, has focused on realising the maximum commercial value from operational and commercial activities in the Free Zone. As at and for the six months ended 30 June 2019:

- the Free Zone comprised approximately 57 square kilometres and hosted over 7,500 companies and over 100 "Fortune 500" companies;

- 88 per cent. of JAFZ's total revenue in the Free Zone was derived from leasing activities, 6 per cent. from commercial services and 6 per cent. from administration services; and

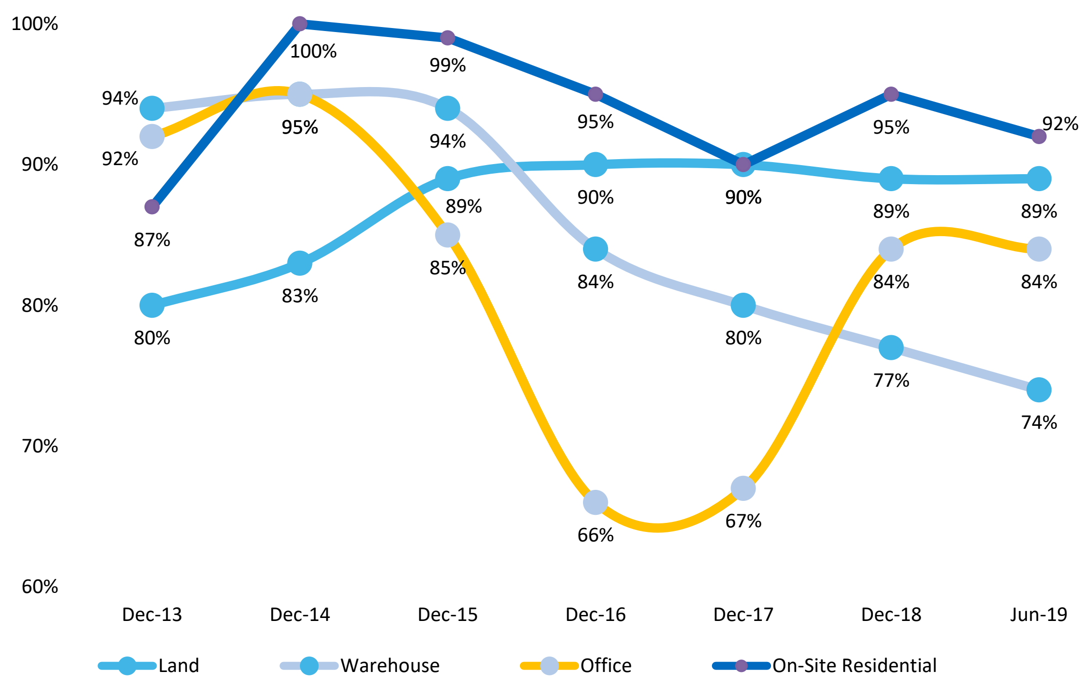
- approximately 89 per cent. of land, 75 per cent. of warehouses, 91 per cent. of low and mid rise offices (LOBs), 80 per cent. of high rise offices (JAFZA1) and 92 per cent. of onsite residential accommodation were occupied.

JAFZ's business activities in the Free Zone comprise leasing activities, commercial services and administration services (each as described further below).

*Leasing activities*

Companies operating within the Free Zone are able to lease undeveloped parcels of land and develop such sites for their own use. In addition, JAFZ has developed its own warehouses, offices and onsite residential accommodation which are leased to third parties. JAFZ's leasing activities therefore include the provision and renewal of leases in relation to the land, warehouses, offices and onsite residential accommodation.

The following table provides occupancy rates for JAFZ's land, warehouses, offices and onsite residential accommodation.




*Commercial services*

In order to operate in the Free Zone, a prospective tenant requires a license issued by JAFZ on behalf of JAFZA. Commercial services provided by JAFZ include the registration of companies and granting trading licenses (both general and specific), industrial licenses, logistics licenses, service licenses and national industrial licenses, as appropriate.

*Administration services*

Administration services provided by JAFZ to companies operating in the Free Zone include assisting tenants in the Free Zone in interfacing with various government authorities, ministries and departments of the UAE government including, *inter alia*, immigration and other visa services (such as assisting tenants with regularisation of work visas or work permits), assistance in obtaining health cards and driving licenses.

***Other PLEZ business operations***

The Group also has free zone next to its London Gateway port. The free zone began operation in 2013 and comprises approximately 859,000 square metres. In addition, the Group has entered into a number of other agreements and concessions to expand its PLEZ operations. For instance, the Group acquired Cosmos (a fully-integrated logistics provider operating in Peru) in 2018 and the first phase of the Group's operations in Berbera (Somaliland) includes the development of a greenfield free zone to complement the growth of the Port of Berbera and create a regional trading hub. The Group has several other projections planned in the near to medium term which may require significant capital expenditure outlays, although none of these are planned to be comparable in size to JAFZ. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Capital expenditures*".

**Maritime Services Business**

The maritime services division aims to complement the Group's global trade services, by providing maritime solutions through a wide portfolio of specialist vessels, river barging, chartering and port services. To leverage its experience, the Group is also developing world-class marinas to create a lifestyle destination for yachting enthusiasts.

As part of the P&O Acquisition, the Group acquired P&O Maritime Services Pty Ltd ("**P&O Maritime Services**"), which is based in Melbourne (Australia). Through its ownership, operation and management of a fleet of specialised vessels, P&O Maritime Services provides offshore oil and gas support, Antarctic logistics, bulk commodity river barging, harbour marine services and chartering to a diverse range of government and industrial customers in Australia, Argentina, Equatorial Guinea, Ireland, Mozambique, Paraguay, Spain, the UAE and the U.K.

A significant majority of the revenue of P&O Maritime Services is derived from contracts with its major clients, including Australian Antarctic Division, Glencore, the Group's UAE region operations, EGLNG, Centre for Environment, Fisheries and Aquaculture Science United Kingdom, Marine Institute Ireland, Siderar and Noble.

The Group's maritime services division was further complemented by the acquisition of Reyser, a Spanish maritime services operator, in 2017 and the acquisition of Drydocks and DMC in 2018. Further, in 2019 acquired Topaz Energy and Marine Limited, a marine logistics and solution provider.

**Security and Business Resilience**

The Group is committed to improving the safety and security of its people along with its other assets and cargo, and the Group's security strategy is based on investing in security management systems that comply with global standards. The Company's board of directors (the "**Board**") and the management of the Group are committed to creating a safe culture throughout the Group and regularly monitor the implementation of its safety and security strategy which includes employee training, regular audits and management objectives in relation to the safety of employees. The Group has implemented specific review processes, policies, guidance documents and operational procedures in this regard. The Group has also established a security auditing program which is conducted across its entire portfolio of terminals.

Further, the Group regularly undertakes benchmarking exercises to test its security preparedness against global standards and industry best practice. The Group underpins its strategic security objectives by embracing and investing in the independently audited supply chain security management ISO 28000:2007 standard across its portfolio. As at 30 June 2019, 40 of the Group's terminals were ISO 28000:2007 certified and the Group aims to have all its terminals certified in a phased manner. The Group is a member of the EU Customs Security Program-Authorised Economic Operator initiative (AEO) and the U.S. government Customs-Trade Partnership Against Terrorism (C-TPAT). The Group also collaborates with the U.S. Department of Energy in respect of the Megaports initiative by assisting with the development of technical tool packs. In addition, the Group was the first international port operator to be invited as a member of, and is an active participant in, the U.S. Container Security Initiative (CSI), which places U.S. Customs officers at sensitive terminals around the world.

**Safety and Environment**

The Group considers health, safety and environment ("**HSE**") to be of fundamental importance in every aspect of its global operations. The Group understands and takes very seriously the HSE responsibilities that it has to employees, customers, contractors, visitors, government agencies and communities.

The Group has dedicated HSE resources throughout the world that provide advice to management in exercising the Group's corporate obligations in this critical area. Management and workers are guided by the Group's corporate HSE policy, which has been authorised by the Chief Executive Officer. The Group requires each business unit to comply with all relevant HSE laws and regulations of the local, federal and international jurisdictions in which it operates. Where there are differences in requirements between local legislation and Group standards, operating entities comply with the more stringent requirement to ensure the highest HSE standards are maintained.

The Group is fully committed to robust environmental management in its terminals and development projects while playing a proactive role in tackling the challenges of climate change through initiatives such as reduction in resource consumption and continual improvement in energy efficiency. The Group has invested heavily in lower-carbon plant and equipment and is embracing renewable energy technologies in its terminals. In 2010, the Group was the first international marine and inland trade services provider to disclose its carbon emissions as part of the Carbon Disclosure Project ("**CDP**") and since then has made significant progress in its CDP climate reporting score, from 70C in 2013 to "leadership" score of A- in 2016 and 2017 and a score of A in 2018, placing the Group above average for the transportation industry and in the 127 global leaders in the A list. The Group also signed up to the Copenhagen Communiqué on climate change and was a contributing stakeholder in the World Economic Forum's Decarbonisation of the Supply Chain project.

The Group aims high in its target-setting and in 2018 achieved a 6 per cent. reduction in its carbon dioxide emissions intensity per modified TEU and a 13 per cent. reduction in its energy consumption, in each case, between 2014 and 2018. In 2018, the Group was able to offset more than 55,738 tonnes of carbon dioxide equivalent emissions through its promotion of renewable energy sources and investment in low-carbon fuels such as liquefied natural gas and compressed natural gas.

The Board receives a safety and environment report at each Board meeting to monitor the Group's performance against key performance metrics. The Company's management also plays a role in leading by example by actively promoting safety onsite to create a safer working environment.

**Sustainable Development Financing Framework**

From time to time and pursuant to the Programme, the Company may issue Notes ("**ESG Notes**") whose net proceeds may be used to fund or refinance, in whole or in part, a portfolio of eligible projects ("**Eligible Projects**") within eligible categories ("**Eligible Categories**"), as set out in the Company's Sustainable Development Financing Framework (the "**Sustainable Development Financing Framework** "). Where applicable, on an annual basis, the Company expects to publish an allocation report and an impact report in respect of its Eligible Projects portfolio in line with prevailing environmental, social and corporate governance ("**ESG**") bond standards. The Company has broadly defined the Eligible Categories in accordance with the "Green/Social/Sustainability Bond Principles" promulgated by the International Capital Market Association.

Up to 100 per cent. of the proceeds of any ESG Notes may be applied towards existing Eligible Projects within the Eligible Categories. For the avoidance of doubt, finance provided to any business or project that is not eligible under the criteria set out in the Sustainable Development Financing Framework will not be considered as the use of proceeds of a ESG Note issued under this framework.

The Company intends to publish the Sustainable Development Financing Framework on its website. Further, the Company will appoint an independent opinion provider to provide an external review of the Company's Sustainable Development Financing Framework, which will also be published on the Company's website at the following address: https://www.dpworld.com/investors.

**Information Technology and Operating Systems**

The Group's information technology ("**IT**") strategy is designed in such a way that empowers terminal IT teams to meet their requirements. The Group's IT provides centralised IT services (such as hosting e-mail, security and SharePoint services) to varying degrees at a regional level as well as central solutions like finance at the corporate level. The Group's central IT department plays a vital role in strategic planning, governance and standardisation of IT across the Group's portfolio and in the case of new terminal operations, provides guidance, consultations and reviews. The Group's IT is not involved in the day-to-day IT operations of the business units. The Group's IT believes that this strategy reduces the risk of central failure as any failure within one of the Group's business units affects only that business unit rather than the entire Group. The Group also believes that this strategy provides its local IT teams with the flexibility to design IT solutions that best fit the needs of a particular terminal. When designing such solutions, the Group encourages its local IT teams to use a central solution or a solution within the Group that matches its unique business processes or to purchase readily available off-the-shelf software wherever possible.

Each of the Group's terminals, based on the nature of that terminal's business, is configured to keep its systems operational, including with respect to business processes and procedures, under abnormal conditions. Although IT systems are essential to the functioning of the Group's terminals, proper backup procedures have been devised to support their operations in case of a rare, unexpected system downtime. The Group has defined IT component topologies and recovery time objectives/recovery point objectives for each business process, which prescribe the appropriate level of IT infrastructure, depending on the importance of the relevant business process. For instance, a business process such as container movement operations at a large terminal categorised as "mission critical" would be allocated an IT infrastructure consisting of a clustered server environment with significant resilience, extensive focus on backup and IT disaster recovery plans. This IT infrastructure design would aim to provide 99.99 per cent. availability.

**Insurance**

The Group's operations are subject to normal hazards of operational and geographic risks, including accidents, fire and weather-related perils. Globally, the Group maintains various types of insurance policies to protect against the financial impact arising from unexpected events when the amount of the potential loss would be significant enough to prevent normal business operations. The Group may also, on occasion, purchase specific insurance for individual terminals on an "as needs" basis (for instance, the Group reviews the need for political and environmental risk insurance on a terminal by terminal basis). The purchase of these policies is coordinated by an internal insurance department, with applicable limits, coverage, scope and deductibles that the Group, with the advice of its insurance advisers, believes are reasonable and prudent after all means of controlling or preventing the risk have been considered. The Group does not fully insure against certain risks to the extent that such risks may not be fully insurable or related coverage is unavailable at what the Group considers to be appropriate price levels. See "*Risk Factors – Risks Related to the Group – The Group may not maintain sufficient insurance coverage for the risks associated with the operation of its business*".

**Legal Proceedings**

Apart from the legal proceedings highlighted below, there are, and have been, no other governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus a significant effect on the Group's financial position or profitability

- The Group's wholly-owned subsidiary Chennai Container Terminal Ltd ("**CCTL**") and the Chennai Port Trust ("**CPT**") entered into an arbitration in respect of a dispute over lease charges for the land leased out by CPT to CCTL. CPT lost the arbitration and commenced legal proceedings before courts in India. CPT's claim was dismissed by the Court of First Instance and, on appeal, was also dismissed by the Division Bench of Madras High Court on 12 August 2016. CPT subsequently filed a special leave petition in the Supreme Court of India against the order passed by the Division Bench of Madras High Court. As a result, the Group determined that its potential exposure in respect of extra lease charges claimed by CPT amounted to U.S.$11.8 million and the Group commenced adjustment of dues towards royalty and lease rentals against amounts that were recoverable pursuant to the order of the arbitral tribunal in respect of the disputed lease rentals. On 13 February 2018, the Supreme Court of India upheld the arbitration award in favour of CCTL. Consequently, the provisions carried in the books of CCTL amounting to U.S.$27.1 million (net of tax) were reversed as at 31 December 2018.

- On 8 July 2014, the Group was notified that the Government of Djibouti had initiated arbitration proceedings before the London Court of International Arbitration ("**LCIA**") against the Group, alleging fraud and illegal payments and seeking rescission of all contracts between the Group and Djibouti. On 20 February 2017, the LCIA dismissed all such claims in their entirety and ordered that Djibouti pay all of the Group's legal costs. Subsequently, on 8 November 2017, Djibouti adopted a new, retrospective law stating that Djibouti may renegotiate all agreements in the infrastructure sector which are contrary to the highest interests of the nation and, should any such renegotiations fail, that Djibouti may unilaterally terminate such agreements. On 22 February 2018, pursuant to a presidential decree, Djibouti seized physical control of Doraleh Container Terminal S.A. ("**DCT**") from the Group (although the Group only had a 33.34 per cent. effective ownership interest in DCT, it was treated as a subsidiary of the Group until 22 February 2018, since the Group was able to govern the financial and operating policies of DCT by virtue of an agreement with the other investor). As a result, the Group commenced arbitration proceedings before the LCIA to protect its rights or to secure damages and compensation for breach or expropriation. On 20 July 2018, a hearing took place before the LCIA at which the Group requested that the LCIA declare the actions of Djibouti unlawful and confirm the validity of the concession agreement. On 31 July 2018, the LCIA confirmed in an arbitral award that the 2006 concession agreement remained valid and binding notwithstanding the laws and decrees Djibouti had adopted. In a further arbitral award on 29 March 2019, the LCIA confirmed that Djibouti must pay to DCT an amount of: (a) U.S.$88.0 million (plus compound interest at 3 per cent. per annum) for non-payment of royalties for traffic not transferred to DCT once it became operational; and (b) U.S.$385.7 million (plus simple interest at 3 per cent. per annum) for breach of exclusivity by developing a contained facilities at Doraleh Multipurpose Terminal, with further damages possible if Doraleh International Container Terminals is built by Djibouti.

## MANAGEMENT

### Board of Directors

As at the date of this Base Prospectus, the Board is comprised of the eight members (each, a "**Director**") listed below.

| Name | Position(s) | Date of appointment to the Board[(1)] |
|---|---|---|
| H.E. Sultan Ahmed Bin Sulayem | Director, Group Chairman and Chief Executive Officer | 30 May 2007 |
| Deepak Parekh[(2)] | Senior Independent Non-Executive Director | 22 March 2011 |
| Robert Woods[(2)] | Director | 1 January 2014 |
| Mark Russell[(2)] | Director | 11 August 2014 |
| Abdulla Mohamed Saeed Alghobash[(2)] | Director | 28 April 2016 |
| Nadya Abdulla Mohamed Kamali Almarzooqi[(2)] | Director | 28 April 2016 |
| Mohamed Saif Ghanem Saif Alsuwaidi[(2)] | Director | 28 April 2016 |
| Yuvraj Narayan | Director and Group Chief Financial Officer | 9 August 2006 |

(1) In accordance with the Company's articles of association, all Directors offer themselves annually for re-appointment at the Company's annual general meeting.

(2) Denotes an Independent Non-Executive Director.

Brief biographies of each of the Directors are set out below.

***H.E. Sultan Ahmed Bin Sulayem*** became Chairman of the Company on 30 May 2007 and was appointed as the Group Chairman and Chief Executive Officer on 8 February 2016. He is a leading UAE and international businessman who spearheaded the rapid expansion of Dubai's infrastructure, including ports and free zones, contributing significantly to the growth trajectory of the UAE. H.E. Bin Sulayem was previously Chairman of Dubai World and in this role oversaw businesses in industries as diverse as real estate development, hospitality, tourism, retail, e-commerce, commodities, transportation and logistics. He previously served as Chairman of PFZW and remains as the representative of the Company's majority shareholder on the Board. Highlights of his career, spanning three decades, comprise the Company's international expansion, including the U.S.$6.85 billion acquisition of P&O, establishing and leading Nakheel P.J.S.C. (a real estate and tourism property development firm that created many iconic Dubai projects including The Palm, the world's largest man-made islands), establishing and leading Istithmar World P.J.S.C. (a major global private equity investment house) and pioneering the Dubai Multi Commodities Centre. As at the date of this Base Prospectus, H.E. Bin Sulayem is a member of the Dubai Executive Council, a member of the UAE Federal Tax Authority Board, a member of the Dubai Free Zones Council, the chairman of Ports, Customs and Free Zone Corporation (PCFC) and the non-executive chairman of Virgin Hyperloop One. He holds a Bachelor of Science in Economics from Temple University, United States of America. A citizen of the UAE, he is 62 years old.

***Deepak Parekh*** was appointed as an Independent Non-Executive Director of the Company on 22 March 2011 and was appointed as Senior Independent Non-Executive Director on 1 July 2015. He has been a member of numerous Indian government appointed advisory committees and task forces on matters ranging from infrastructure reform to capital markets and financial services. In 2006, he was awarded the Padma Bhushan. His other awards include 'Bundesverdienstkreuz' (Germany's Cross of the Order of Merit, one of the highest distinctions of the Federal Republic of Germany) in 2014 and "Knight in the Order of the Legion of Honour" (one of the highest distinctions of the French Republic) in 2010. He was the first international recipient of the Outstanding Achievement Award from the Institute of Chartered Accountants in England and Wales in 2010. As at the date of this Base Prospectus, Mr. Parekh is the non-executive chairman of each of HDFC Ltd, GlaxoSmithkline Pharmaceuticals Ltd, Siemens India and BAE Systems India (Services) Private Limited. He is also a director of The Indian Hotels Co Ltd and Vedanta Resources PLC. A citizen of the Republic of India, he is 73 years old.

***Robert Woods*** was appointed as an Independent Non-Executive Director of the Company on 1 January 2014. He was formerly the chief executive of P&O and a non-executive director of Cathay Pacific, Tilbury Container Services Limited and John Swire & Sons. In 2012, he was appointed President of the Chartered Institute of Shipbrokers. He is an Honorary Captain of the Royal Naval Reserve. As at the date of this Base Prospectus, Mr. Woods is a director at the Chamber of Shipping of the U.K., the Greenham Common Trust and St. George's House Trust (Windsor Castle) and the chairman of the Navy League and the Sea Cadet Association. A British citizen, he is 71 years old.

***Mark Russell*** was appointed as an Independent Non-Executive Director of the Company on 11 August 2014. He was formerly a partner in the corporate finance departments of KPMG in London and Frankfurt, held senior positions at PwC Corporate Finance, Robert Fleming, Lazard Brothers and A.T. Kearney and was a non-executive director of Eurostar International Limited. As at the date of this Base Prospectus, Mr. Russell is the chief executive of the U.K. Government Investments and is a non-executive director of the Submarine Development Agency. A British citizen, he is 58 years old.

***Abdulla Mohamed Saeed Alghobash*** was appointed as an Independent Non-Executive Director of the Company on 28 April 2016. He is a senior banker with over 30 years' experience. Previously, Mr. Alghobash served as a board member of Etisalat, Borse Dubai, Nasdaq Dubai, Emirates Institute for Banking and Financial Studies, UAE Banks Federation and Emaar. As at the date of this Base Prospectus, Mr. Alghobash is a board member of the DIFC Higher Board. He holds a Bachelor of Science from UAE University, has completed the Executive Management Program from Wharton Business School and holds a banking diploma from Citibank N.A. in Athens, Greece. A citizen of the UAE, he is 61 years old.

***Nadya Abdulla Mohamed Kamali Almarzooqi*** was appointed as an Independent Non-Executive Director of the Company on 28 April 2016. She has over 25 years' experience in information technology, IT governance, compliance and risk management. As at the date of this Base Prospectus, Ms. Kamali Almarzooqi is the chairperson and managing director of Dutech and the chief executive officer of Customs World. She holds an MBA from American University of Sharjah and a Bachelor of Science from College of Engineering, Michigan State University. A citizen of the UAE, she is 48 years old.

***Mohamed Saif Ghanem Saif Alsuwaidi*** was appointed as an Independent Non-Executive Director of the Company on 28 April 2016. As at the date of this Base Prospectus, Mr. Alsuwaidi is the director general of Abu Dhabi Fund for Development, the chairman of Al Ain Farms for Livestock Production and the vice chairman of Arab Bank for Investment and Foreign Trade. He also serves as a board member of First Abu Dhabi Bank PJSC, Raysut Cement (SAOG), UAE Red Crescent, Centre of Food Security of Abu Dhabi, Al Jazira Sport & Cultural Club and Agthia Group. He holds a Bachelor of Science in Business Administration from California Baptist University. A citizen of the UAE, he is 49 years old.

***Yuvraj Narayan*** has served as Group Chief Financial Officer of the Group since 2005 and as a Director of the Company since 9 August 2006. He joined DP World FZE in 2004. He previously served as a non-executive director of Istithmar World P.J.S.C. and as ANZ Group's head of corporate and project finance for South Asia before becoming the chief financial officer of Salalah Port Services in Oman. He was also formerly a non-executive director of IDFC Securities Limited. As at the date of this Base Prospectus, Mr. Narayan is a non-executive director of HDFC International Life and Re Company Limited. He is a qualified Chartered Accountant and has a wealth of experience in the ports and international banking sectors. A citizen of the Republic of India, he is 61 years old.

For information related to the compensation of the Directors see "*Compensation*".

The business address for each of the Directors is c/o DP World PLC, P.O. Box 17000, Dubai, UAE.

His Excellency Sultan Ahmed Bin Sulayem is a representative of PFZW (being the Company's majority shareholder) on the Board, which may give rise to potential conflicts of interest with their duties to the Company (see "*Risk Factors – Risks Related to the Group – The Company's ultimate majority shareholder, Dubai World, and the Government have the ability to exert significant influence over the Group and their interests may conflict with the interests of the Group or the Noteholders*").

Except as stated above, there are no actual or potential conflicts of interest as at the date of this Base Prospectus between the duties owed by the Directors to the Company and their private interests or other duties.

**Senior Management**

In addition to the executive management appointed to the Board (being the Group Chief Executive Officer and the Group Chief Financial Officer), the day-to-day management of the Company's business is led by its senior management who, together with the Group Chief Executive Officer and the Group Chief Financial Officer, comprise the Company's "**Executive Committee**".

| Name | Position(s) |
|---|---|
| Sultan Ahmed Bin Sulayem[(1)] | Group Chairman and Chief Executive Officer |
| Yuvraj Narayan[(1)] | Group Chief Financial Officer |
| Mohammed Al Muallem | Senior Vice President and Managing Director – UAE |
| Rashid Abdulla | Senior Vice President and Managing Director – Europe and Russia |
| Tiemen Meester | Senior Vice President and Manager Director – Americas |

(1) Please refer to "Management – Board of Directors" for biographical details.

Brief biographies of each of the Company's Executive Committee (other than H.E. Sultan Ahmed Bin Sulayem and Yuvraj Narayan, whose biographies are set out above) are set out below.

***Mohammed Al Muallem*** is Senior Vice President and Managing Director – UAE Region. Mr. Al Muallem began his current position when DPI was rebranded to "DP World" in 2005. Prior to this, he joined Port Rashid (Dubai) in 1983 as a trainee and progressed through various positions including planning engineer and assistant port engineer Manager. In 1991, he was appointed as a senior technical manager when DPA was created. Mr. Al Muallem performed a variety of roles at the DPA including deputy technical director, technical director, chief technical director and executive director – technical and technology. He was subsequently appointed as the chairman of the Executive Merging Team of the DPA and the executive coordinator for the Terminal 2 development at Jebel Ali Port. Mr. Al Muallem holds a Bachelor of Science in Industrial Engineering from the University of Portland and has completed extensive training in the U.K. at the University of Manchester, Cranfield College and British Airways.

***Rashid Abdulla*** is Senior Vice President and Managing Director – Europe and Russia. He was previously the Senior Vice President and Managing Director – Asia-Pacific, prior to which he was the Senior Vice President Global Operations at the Company's head office. He joined the Group as a graduate trainee in 1995 and rose rapidly through the ranks. His first international assignment was in 2004, working as Manager – Container Terminal at DP World Constanta (Romania). Upon his return to Dubai in 2007, he was promoted to Director of Jebel Ali's Terminal 2 and subsequently was appointed as Director of Container Terminal 1. Mr. Abdulla holds a Bachelor of Arts in Geography from UAE University and a diploma in Maritime and Port Management from National University of Singapore.

***Tiemen Meester*** is Senior Vice President and Managing Director – Americas Region since January 2017. Prior to joining the Group, Mr. Meester has held several business positions at Sea-Land, Maersk and APM Terminals (including the positions of senior vice president for new business at Maersk and vice president of human resources at APM Terminals). He has over 16 years' experience across the globe, covering large scale multi-port acquisitions, greenfield and brownfield port projects and ports and logistics responsibility over a large portfolio of ports and terminal. Mr. Meester holds educational qualifications from Columbia University, Cornell University, International Institute for Management Development and Harvard Business School and was a naval officer for five years at Merchant Maritime.

Each of the Executive Committee members can be contacted at the Group's registered office at c/o DP World PLC, P.O. Box 17000, Dubai, UAE.

There are no actual or potential conflicts of interest between the duties owed by the Executive Committee members to the Company and their private interests or other duties.

**Compensation**

The Chairman (H.E. Sultan Ahmed Bin Sulayem) was not remunerated by the Company. The remuneration of the Independent Non-Executive Directors is a matter for the Chairman and executive members of the Board. For the year ended 31 December 2018, the Independent Non-Executive Directors received a fee, set out as follows, which included remuneration for their services in being a member of, or chairing, a Board committee (see "*Management – Corporate Governance*").

| Name | Non-Executive Director Fee |
|---|---|
| Deepak Parekh | U.S.$207,815 |
| Robert Woods | U.S.$172,455 |
| Mark Russell[(1)] | U.S.$157,396 |
| Abdulla Mohamed Saeed Alghobash | U.S.$152,975 |
| Nadya Abdulla Mohamed Kamali Almarzooqi | U.S.$196,270 |
| Mohamed Saif Ghanem Saif Alsuwaidi | U.S.$182,127 |

(1) Mark Russell has waived in full the fees due to him for the year ended 31 December 2018. An amount equivalent to these fees was donated to the Cardinal Hume Centre, U.K.

The Directors, other than the Group Chief Executive Officer and Group Chief Financial Officer, are not under service contracts with the Group with respect to their roles as Directors, and the Group does not have contractual obligations to provide benefits to the Directors upon termination of their directorships.

The Executive Directors' remuneration structure follows the market practice in the UAE and all payments are made tax free reflecting the UAE's status. Each of the Executive Directors is employed pursuant to a service agreement.

***H.E. Sultan Ahmed Bin Sulayem***

H.E. Sultan Ahmed Bin Sulayem was granted a performance delivery plan award of 150 per cent. (out of a maximum of 150 per cent.) for performance linked to the 2017 financial year and a long-term incentive plan award of 149.5 per cent. (out of a maximum of 150 per cent.) for performance linked to the 2015-2017 cycle. His total remuneration for the year ended 31 December 2018 (which includes his base salary and these other benefits) was U.S.$6.1 million.

***Yuvraj Narayan***

Yuvraj Narayan was granted a performance delivery plan award of 100 per cent. (out of a maximum of 100 per cent.) for performance linked to the 2017 financial year and a long-term incentive plan award of 99.7 per cent. (out of a maximum of 100 per cent.) for performance linked to the 2015-2017 cycle. His total remuneration for the year ended 31 December 2018 (which includes his base salary and these other benefits) was U.S.$2.0 million.

H.E. Sultan Ahmed Bin Sulayem and Yuvraj Narayan participate in the government pension scheme in accordance with the UAE labour law. Yuvraj Narayan would be entitled to end of service benefits on termination of employment in accordance with the UAE labour law.

***Short-Term Bonus and Long-Term Incentive Plans***

The Company has adopted a short-term and a long-term incentive plan for its Executive Directors and management. The performance delivery plan for the 2018 financial year (award to be paid in 2019) and 2017 financial year (award paid in 2018) is worth a maximum of 150 per cent. of annual base salary. It is made up of two components: (i) a financial component worth 70 per cent. of the overall award value; and (ii) a personal component worth 30 per cent. of the overall award value.

The financial component is based on performance assessed against a budgeted profit after tax measure. Payout on the financial component is triggered if the Company achieves 95 per cent. of its target. Maximum payout on the financial component will occur if the Company achieves 105 per cent. of its target. The payout for performance between the 95 per cent. and 105 per cent. of target is on a straight-line basis. The objectives are particular to each individual role and can include financial based objectives and more qualitative ones.

The Company's long-term incentive plan is based on a three-year performance cycle and is a cash based plan. For the 2016-2018 (award to be paid in 2019), 2017-2019 (award to be paid in 2020) and 2018-2020 (award to be paid in 2021) performance cycles, the long-term incentive plan is based on the performance over three years and will be assessed against two budgeted measures, with 70 per cent. of the award linked to a return on capital employed measure[1] and 30 per cent. linked to an earnings per share measure. Each of these performance cycles is worth a maximum of 100 per cent. of average annual base salary for the

1 Return on capital employed is EBIT (earnings before interest and tax) before SDIs as a percentage of total assets less current liabilities.

Executive Directors and a maximum of 75 per cent. of average annual base salary for the other senior managers.

**Directors' Interests**

As at 31 December 2018, the Directors' shareholdings (ordinary shares) in the Company were as follows:

| Name | Position(s) | Shareholding |
|---|---|---|
| Yuvraj Narayan................................ | Director and Group Chief Financial Officer | 13,864 |
| Mohammed Al Muallem.................. | Senior Vice President and Managing Director – UAE | 4,712 |
| Robert Woods .................................. | Director | 2,700 |

**Corporate Governance**

For the year ended 31 December 2018, the Company complied with the regulatory obligations of the Markets Law and the various rules made by the DFSA thereunder (together with the Markets Law, the "**Nasdaq Dubai Rules**"), other than paragraph 16 of Appendix 4 to the Nasdaq Dubai Rules in that the positions of Chairman and Chief Executive Officer were held by the same person.

As at the date of this Base Prospectus, the Board is comprised of eight members, consisting of two Executive Directors and six Non-Executive Directors. Of these, Deepak Parekh, Robert Woods, Mark Russell, Abdulla Mohamed Saeed Alghobash, Nadya Abdulla Mohamed Kamali Almarzooqi and Mohamed Saif Ghanem Saif Alsuwaidi are independent.

The Chairman, in conjunction with the Senior Independent Director, is responsible for leadership and effective management of the Board in all aspects of its role and its governance. The Chairman chairs the Board meetings ensuring, with the support of the Senior Independent Director, that the agendas are forward looking and that relevant business is brought to the Board for consideration in accordance with the schedule of matters reserved to the Board and that each Director has the opportunity to consider the matters brought to the meeting and to contribute accordingly. The Group Chief Executive Officer, as leader of the Group's executive team, retains responsibility for the leadership and day-to-day management of the Group and the execution of its strategy as approved by the Board.

The Board's principal committees include the audit committee (the "**Audit Committee**"), the nominations and governance committee (the "**Nominations and Governance Committee**") and the remuneration committee (the "**Remuneration Committee**"), with formally delegated duties and responsibilities and written terms of references. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises. The Executive Committee has primary responsibility for the day-to-day management of the Group's operations and strategic policy implementation (such policies being established and approved by the Board) (see further "*Management – Senior Management*").

***Audit Committee***

The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting and external and internal audits and controls. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board.

External and internal auditors are invited to attend the Audit Committee meetings, along with any other Director or member of staff considered necessary by the Audit Committee to complete its work. The Audit Committee meets with external auditors and internal auditors without Executive Directors or members of staff present at least once a year, and additionally as it considers appropriate.

The Audit Committee's remit includes the following:

- making recommendations to the Board on the appointment and remuneration of the external auditor and reviewing and monitoring the external auditors' performance, expertise, independence and objectivity along with the effectiveness of the audit process and its scope;

- reviewing and monitoring the integrity of the Group's financial statements and the significant reporting judgements contained in them;

- monitoring the appropriateness of accounting policies and practices;

- reviewing the adequacy and effectiveness of financial reporting and internal control policies and procedures and risk management systems;
- reviewing and monitoring the activities and effectiveness of the internal audit function;
- reviewing the effectiveness of the Group's whistleblowing policies; and
- monitoring risks and compliance procedures across the Group.

As at 30 June 2019, the membership of the Company's Audit Committee was comprised of three members, all of whom are Independent Non-Executive Directors (namely Deepak Parekh, Mark Russell and Mohamed Al Suwaidi). The Audit Committee is chaired by Mark Russell whom the Board considers has appropriate financial expertise to fulfil this role.

The Audit Committee meets formally at least four times a year and otherwise as required.

***Nominations and Governance Committee***

The Nominations and Governance Committee assists the Board in discharging its responsibilities relating to the size and composition of the Board. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors as the need may arise. The Nominations and Governance Committee is responsible for evaluating the balance of skills, knowledge, experience and diversity on the Board and, in particular:

- recommending individuals to be considered for election at the next annual general meeting of the Company or to fill vacancies; and
- preparing a description of the role and capabilities required for a particular appointment.

As at 30 June 2019, the Company's Nominations and Governance Committee was composed of four members, three of whom are Independent Non-Executive Directors (namely Nadya Abdulla Mohamed Kamali Almarzooqi, Robert Woods and Abdulla Mohamed Saeed Alghobash) and one of whom is an Executive Director (namely H.E. Sultan Ahmed Bin Sulayem). The Nominations and Governance Committee is chaired by Nadya Abdulla Mohamed Kamali Almarzooqi.

The Nominations and Governance Committee meets formally at least twice a year and otherwise as required.

***Remuneration Committee***

The Remuneration Committee determines and agrees with the Board the framework and broad policy for the remuneration of the Group Chief Executive Officer and Group Chief Financial Officer and other members of the Company's senior management. The policy of the committee is to review remuneration based on independent assessment and market practice. The remuneration of Independent Non-Executive Directors is a matter for the Chairman and executive members of the Board. No executive is involved in any decisions as to their own remuneration. The Remuneration Committee:

- reviews and provides the Board with a recommendation for a suitable remuneration framework for the Company;
- monitors the level and structure of remuneration for the Company's senior management and recommends adjustments where appropriate;
- keeps under review its own performance, constitution and terms of reference; and
- considers other matters as referred to it by the Board.

As at 30 June 2019, the membership of the Company's Remuneration Committee was comprised of four members, all of whom are Independent Non-Executive Directors (namely Deepak Parekh, Robert Woods, Mark Russell and Mohamed Saif Ghanem Saif Alsuwaidi). The Remuneration Committee is chaired by Deepak Parekh.

The Remuneration Committee meets formally at least twice a year and otherwise as required.

**Employees**

As at 31 December 2018, the Group had a team of more than 45,000 people (including those employed by consolidated subsidiaries and joint ventures). The Group's employees are engaged under a variety of employment arrangements, including, pursuant to individual employment contracts, collective bargaining agreements and through third-party sourcing. A significant majority of the Group's employees operate pursuant to collective bargaining agreements that typically cover employees in the relevant countries. The Group believes that the material terms of its collective bargaining agreements and other terms of employment are customary for the countries and industries in which the Group operates.

## PORTS OPERATION INDUSTRY OVERVIEW

*Unless otherwise indicated, the information set forth below has been sourced to the Drewry's Global Container Terminal Operators Annual Review and Forecast 2019 or Drewry Container Forecaster Q2 2019.*

### Overview

Global seaborne trade consists of three main segments: general cargo, which is carried by conventional shipping vessels; liquid cargo, which is carried by specialised vessels such as tankers; and containerised cargo, which is carried by container vessels.

Containerisation of cargo increases the efficiency of its transportation by standardising the container used for both seaborne and overland transportation of cargo. This facilitates the integrated multi-modal transportation of cargo by sea, rail and road. Containerisation also allows for the efficient storage of goods on ships or on land, provides protection against damage to goods in transit, increases the security of the cargo during transport and enables faster loading and unloading of cargo.

First introduced in the 1950s, container shipping has expanded rapidly since that time to emerge as the dominant method for the international transportation of a broad spectrum of industrial and consumer goods, including agricultural products, raw materials and semi-manufactured and finished consumer goods. The container terminal industry has grown in line with the container shipping industry, which in turn has benefited in particular from the globalisation of world trade. Global throughput Global port throughput growth will decelerate to 3.0 per cent. in 2019.

### Industry Trends

All port and terminal operators are experiencing a number of industry trends, some of which have wide ramifications. The most important of these trends are:

#### *Deployment of ultra-large containerships*

Over the years, there has been a step-change in the size of container ships. In addition, container ships' capacity has not increased in proportion to their increased length. For instance, the length of the 19,200 TEU *MSC Oscar* is less than twice that of a first-generation 1,400 TEU ship, yet its TEU capacity is nearly 14 times greater. This in turn has resulted in increased operating costs for ports and terminals since bigger ships take longer to offload but are less frequent and make fewer port calls which means greater peaks and troughs shipside and landside. This results in inefficient use of terminal capacity and creates challenges in terms of dock labour requirements and terminal automation requirements.

Further, ports and terminals have had to increase their capital expenditure as well in order to cater to larger ships. For instance, terminals have increased berth depth (from 14 metres in 2004 to 17 metres in 2014), increased gantry crane outreach (from 17 boxes wide in 2004 to 23 boxes wide in 2014) and increased required target productivity (from approximately 75 boxes per hour in 2004 to 150 boxes per hour in 2014). Bigger ships are also leading to a greater segmentation of terminal capacity, with very few berths and terminals being able to handle fully-loaded ultra large container vessels. This process is also leading to more rapid obsolescence of terminal capacity.

#### *Expansion of shipping line alliances*

Given the requirement to fill bigger container ships with cargo, shipping lines are forming alliances and sharing ships. Carrier alliances are growing in size and scope, which gives them a greater geographical reach and results in a greater concentration of volumes in fewer players (such as the merger of China Shipping Container Lines and Cosco Group and the acquisition of Neptune Orient Lines by CMA CGM). This may lead to more complicated negotiation of terminal contracts with alliance members wanting to benefit from "bulk" rates. Further, given the possibility of alliances calling at more than one terminal in the same port, there is also increasing pressure on terminal owners and operators for terminal consolidation in order to avoid fragmentation of terminal capacity.

*Growth of inland container terminals and multi-modal hubs*

Inland container terminals and multi-modal hubs that are efficiently managed have witnessed strong growth over recent years. An inland port can speed the flow of cargo between ships and major land transportation networks, creating a more central distribution point. Inland terminals can improve the movement of imports and exports, moving time-consuming container sorting and processing inland, away from congested seaports. This can be an inexpensive method of adding capacity as many seaports face capacity constraint on the landside. Multi-modal hubs, where goods can be efficiently transported by either sea, rail, road or air are attractive to cargo owners as they can reduce transportation time.

*Financial pressures on shipping lines*

Due to shipping lines operating under heavy debt, there is increasing pressure on terminal operators to lower the terminal handling price. In addition, there are increasing opportunities for the acquisition of terminal assets by other carriers (or their terminal arms) and for stevedores and financial investors to fill the void for carriers unable to invest in critical terminal capacity.

*Cooperation among global and international terminal operators on the rise*

There has been an increasing instance of global and international terminal operators entering into joint ventures or strategic alliances with each other (such as APM Terminals and Terminal Investment Limited, APM Terminals and China Shipping Terminal Development, International Container Terminal Services Inc. and PSA International, and International Container Terminal Services Inc. and CMA CGM). As a result, not only is the competition landscape becoming more complex, but the shipping line alliances are less able to take advantage of their bargaining position.

*Rapidly emerging international terminal operators and owners*

The industry is currently characterised by long-established operators (such as Hutchison Port Holdings, APM Terminals, PSA International and the Group) as well as new entrants into the international markets. For instance, China Merchants Ports has been very active over the past years in pursuing greenfield developments and making acquisitions outside its home base in China such as its acquisition in mid-2013 of a 49 per cent. stake in CMA CGM's Terminal Link and acquisition of a 90 per cent. stake in Brazilian port TCP Participacoes in 2017. As a result, competition for available assets and opportunities (including acquisitions or new concessions) has increased in the last few years.

*Financial investor churn*

Ownership of terminals by financial investors is experiencing churn as the lifespan of their investments runs its course and they make exits (for instance, Goldman Sachs sold its stake in SSA Marine in early 2014). At the same time, other companies such as Brookfield Asset Management and Macquarie are making investments in the port sector. This process is creating merger and acquisition opportunities in the industry.

*Terminal automation gathering pace*

The use of automated equipment, especially yard automation, is becoming much more common, even in low labour cost locations. Other forms of automation, such as remote-controlled gantry cranes, are also becoming viable options. As a result, terminal operators need to keep abreast of fast moving technological developments and consider transitioning to automation.

*Containerisation/Global Throughput*

The rate of containerisation has slowed over the past 30 years because almost all tradable goods that are capable of being transported along the deep-sea trade routes in containers are now transported in this way and, in recent years, the rate of containerisation has increasingly reflected the containerisation of new products, such as paper and other types of cargo that were traditionally considered break bulk, which advances in technology have enabled. However, despite the near-completion of the process of containerisation, trade routes to and from particular countries and geographical regions, notably Latin America, the Indian Subcontinent and Africa, continue to offer scope for significant growth in container volumes.

Adverse global economic trends led to container throughput at the world's ports falling for the first time ever, from 525 million TEU in 2008 to 473 million TEU in 2009, a drop of almost 10 per cent. Most global container terminal operators experienced reduced volumes across their networks during 2009 before volumes started increasing in 2010. However, according to current forecasts in the Drewry Container Forecaster Q2 2019, estimated annual growth in global container port throughput continued to record a healthy level in the first three months of 2019, registering 2.0 per cent. Drewry currently estimates global container port throughput growth of 3.0% in 2019 and 4.5 5 per cent. growth 2020.

***Regional Variations in Demand***

There are significant regional variations in container traffic. The following table gives a forecast of container activity by region:

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|
| | | | | *(TEU's in '000)* | | | |
| **Asia** | **404,411** | **423,077** | **438,555** | **460,154** | **484,990** | **510,370** | **538,370** |
| % change on previous year | 6.6% | 4.6% | 3.7% | 4.9% | 5.4% | 5.2% | 5.5% |
| share of world total | 54.0% | 54.0% | 54.4% | 54.6% | 54.8% | 55.1% | 55.3% |
| **Europe** | **129,163** | **135,637** | **139,166** | **143,385** | **148,774** | **154,297** | **159,938** |
| % change on previous year | 5.8% | 5.0% | 2.6% | 3.0% | 3.8% | 3.7% | 3.7% |
| share of world total | 17.3% | 17.3% | 17.2% | 17.0% | 16.8% | 16.6% | 16.4% |
| **North America** | **63,898** | **57,518** | **70,339** | **72,302** | **75,129** | **77,821** | **80,728** |
| % change on previous year | 8.1% | 5.7% | 4.2% | 2.8% | 3.9% | 3.6% | 3.7% |
| share of world total | 8.5% | 8.6% | 8.7% | 8.6% | 8.5% | 8.4% | 8.3% |
| **Latin America** | **44,958** | **47,796** | **46,361** | **49,341** | **51,755** | **54,505** | **57,291** |
| % change on previous year | 6.5% | 6.3% | -3.0% | 6.4% | 4.9% | 5.3% | 5.1% |
| share of world total | 6.0% | 6.1% | 5.7% | 5.9% | 5.9% | 5.9% | 5.9% |
| **Middle East** | **40,043** | **38,992** | **39,338** | **40,177** | **41,713** | **43,561** | **45,516** |
| % change on previous year | 3.4% | -2.6% | 0.9% | 2.1% | 3.8% | 4.4% | 4.5% |
| share of world total | 5.4% | 5.0% | 4.9% | 4.8% | 4.7% | 4.7% | 4.7% |
| **South Asia** | **27,218** | **29,992** | **32,100** | **34,810** | **37,545** | **40,282** | **43,079** |
| % change on previous year | 11.2% | 10.2% | 7.0% | 8.4% | 7.9% | 7.3% | 6.9% |
| share of world total | 3.6% | 3.8% | 4.0% | 4.1% | 4.2% | 4.3% | 4.4% |
| **Africa** | **26,110** | **27,500** | **27,671** | **29,038** | **30,487** | **32,021** | **33,655** |
| % change on previous year | 6.0% | 5.3% | 0.6% | 4.9% | 5.0% | 5.0% | 5.1% |
| share of world total | 3.5% | 3.5% | 3.4% | 3.4% | 3.4% | 3.5% | 3.5% |
| **Oceania** | **12,586** | **13,119** | **13,271** | **13,653** | **13,911** | **14,181** | **14,464** |
| % change on previous year | 6.3% | 4.2% | 1.2% | 2.9% | 1.9% | 1.9% | 2.0% |
| share of world total | 1.7% | 1.7% | 1.6% | 1.6% | 1.6% | 1.5% | 1.5% |
| **World** | **748,386** | **783,630** | **806,800** | **842,861** | **884,302** | **927,038** | **973,042** |
| % change on previous year | 6.5% | 4.7% | 3.0% | 4.5% | 4.9% | 4.8% | 5.0% |

*Source*: Drewry Maritime Research.

## O&D versus Transhipment

The two main categories of throughput are origin and destination (O&D), also referred to as import and export, and transhipment. Every container shipped by sea is by definition an export container at the origination terminal and an import container at the destination terminal. A container that is transferred from one ship to another at some point during the journey is said to be transhipped, which gives rise to transhipment throughput at an intermediate terminal somewhere between the load terminal and the discharge terminal.

***O&D***

O&D throughput is often preferred by container terminal operators for the following reasons:

- terminal operators typically earn more revenue per quay crane lift from O&D throughput than from transhipment throughput;
- terminal operators earn additional revenue by charging for delivery or reception of the container from the shipper or consignee;

- terminal operators have the opportunity to generate additional revenue from ancillary services, such as container freight stations and container cleaning; and
- whereas shipping lines can relatively easily transfer transhipment throughput to other ports in the same region, O&D throughput is usually most cost-effectively handled by one port, preferably close to the point of consumption, which makes O&D throughput less likely to be lost to competitors and less price sensitive than transhipment throughput.

***Hub-and-Spoke (Gateway)***

As the latest generation of container ships on order have nominal capacities in excess of 18,000 TEU and are too wide and too deep to call at many ports in the world, shipping lines may instead seek to, or be required to, rationalise the number of port calls they make. This trend is expected to result in shipping lines favouring larger, centrally placed ports in a region leading to the creation of hub-and-spoke or gateway terminals. To compete effectively under this model, container terminal operators will need to be able to handle larger vessels, and some operators already have the necessary infrastructure in place or are constructing new facilities with this factor in mind. The hub-and-spoke model also implies an increased level of throughput carried by feeder lines between hub ports and final destinations, which places demands on smaller ports to develop the facilities necessary to handle containers at dedicated container berths.

***Transhipment***

Despite the advantages of O&D throughput, there are numerous large container terminals around the world for which transhipment accounts for a very high percentage of total throughput. Current examples include Singapore, Tanjuung Pelepas (Malaysia), Gioia Tauro (Italy), Salalah (Oman), Algeciras (Spain), Balboa (Panama), Freeport (Bahamas) and Marsaxlokk (Malta). Many of these terminals are operated by, or involve an equity stake holding by, a major shipping line, which benefits from the transhipment capacity and provides the terminal with a reliable level of volume. However, shipping lines often prefer not to tranship containers, where possible, as they are not always able to pass on the full costs associated with transhipment to their customers.

**Leading Container Terminal Operators**

The container terminal industry is characterised by a small number of large operators. The ten largest terminal operators by throughput collectively accounted for 551.2 million TEU, or 70.4 per cent., of global gross throughput as at 31 December 2018. Global terminal operators compete increasingly based on the size and diversification of their terminal portfolios, which enable them to offer global networks to their liner customers, who are themselves consolidating and becoming increasingly large. Consequently, new container terminal market participants face significant barriers to entry.

The following table provides a breakdown of terminal operators by gross throughput and market share for the year ended 31 December 2018 and the year ended 31 December 2017.

| | **Gross throughput** | | **Market share of gross throughput** | | **Growth/ Decline** | |
|---|---|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** | | |
| | *(TEU in millions)* | | *(per cent.)* | | *(TEU in millions)* | *(per cent.)* |
| Cosco | 105.8 | 91.3 | 13.5 | 12.2 | 14.5 | 15.9 |
| Hutchison Ports[1] | 82.6 | 82.3 | 10.5 | 11.0 | 0.2 | 0.3 |
| PSA International | 80.1 | 73.9 | 10.2 | 9.9 | 6.2 | 8.4 |
| APM Terminals | 78.6 | 76.3 | 10.0 | 10.2 | 2.3 | 3.1 |
| DP World | 70.0 | 68.7 | 8.9 | 9.2 | 1.3 | 1.9 |
| Terminal Investment Limited[2] | 47.7 | 44.0 | 6.1 | 5.9 | 3.7 | 8.4 |
| China Merchants Ports | 34.5 | 31.0 | 4.4 | 4.2 | 3.5 | 11.4 |
| CMA CGM[3] | 25.6 | 24.8 | 3.3 | 3.3 | 0.9 | 3.5 |
| Eurogate | 13.7 | 13.8 | 1.7 | 1.9 | (0.1) | (1.1) |
| SSA Marine | 12.6 | 11.3 | 1.6 | 1.5 | 1.3 | 11.4 |
| Ten largest global terminal operators | 551.2 | 517.4 | 70.4 | 69.3 | 33.8 | 6.5 |

| | Gross throughput | | Market share of gross throughput | | Growth/ Decline | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | | |
| Remaining global terminal operators ................................ | 75.1 | 73.3 | 9.6 | 9.9 | 1.8 | 2.3 |
| **Global operators total**............. | **626.6** | **582.9** | **80.0** | **78.2** | **43.7** | **7.5** |

Note: Unless stated otherwise figures include total annual throughput for all terminals in which more than 10% shareholding held as at 31 December 2017 or 31 December 2018. Figures do not include stevedoring operations at common user terminals and also exclude barge/river terminals. Due to method of calculation there is some degree of variation between Drewry's figures and some terminal operators' publicly announced results. Some figures are estimated.

(1) Hutchison figure includes HPH Trust volumes.

(2) TIL figure does not include MSC/affiliated companies.

(3) CMA CGM includes APL terminals.

*Source*: Drewry Maritime Research

Drewry divides global terminal operators into three broad categories:

- ***Global stevedores*** – these are companies whose primary business is port operations and that view terminals as profit centres;

- ***Global carriers*** – these are companies whose main business is container shipping, but which have investments in container terminals to support this core activity and that often run terminals as cost centres; and

- ***Global hybrids*** **–** these are companies where the main activity, or that of the parent group, is container shipping, but which have established separate terminal operating business units that handle a significant amount of third party business, as well as in-house traffic.

Of the top ten largest terminal operators by gross throughput, Drewry considers seven to be global stevedores (comprised of Hutchison Port Holdings, PSA International, DP World, Terminal Investment Limited, China Merchants Ports, Eurogate and SSA Marine) and three to be global hybrids (comprised of Cosco, APM Terminals and CMA CGM).

## BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") in effect as at the date of this Base Prospectus. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Company nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

**Book-Entry Systems**

***DTC***

DTC is a limited purpose trust company organised under the New York Banking Law, a member of the Federal Reserve System, a "**banking organisation**" within the meaning of the New York Banking Law, a "**clearing corporation**" within the meaning of the New York Uniform Commercial Code and a "**clearing agency**" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**"). More information about DTC can be found at www.dtcc.com and www.dtc.org.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**DTC Rules**"), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system ("**DTC Notes**") as described below and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ("**Owners**") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("**Beneficial Owner**") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial

Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorised representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Restricted Global Certificate, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

A Beneficial Owner shall give notice to elect to have its DTC Notes purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Notes by causing the Direct Participant to transfer the Participant's interest in the DTC Notes, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Notes to the relevant agent's DTC account.

DTC may discontinue providing its services as depository with respect to the DTC Notes at any time by giving reasonable notice to the Issuer or the relevant agent. Under such circumstances, in the event that a successor depository is not obtained, DTC Note certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, DTC Note certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

***Euroclear and Clearstream, Luxembourg***

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

**Book-Entry Ownership and Payment in Respect of DTC Notes**

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Global Certificate accepted in its book-entry settlement system. Upon the issue of any such Global Certificate, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Global Certificate to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Global Certificate will be limited to Direct Participants or Indirect Participants, including, in the case of any Unrestricted Global Certificate (as defined herein), the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Global Certificate accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Global Certificate accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Global Certificate in the currency in which such payment was made and/or (where an election to receive payment in the Specified Currency has not been made) cause all or a portion of such payment to be converted into U.S. dollars and the proceeds of such conversions (net of all applicable costs of exchange) shall be credited to the applicable Participants' account(s).

For all foreign exchange ("**FX**") transactions, the Exchange Agent or the Issuing and Paying Agent, as the case may be, shall utilise Deutsche Bank AG or its affiliates (collectively "**DBAG**") to effect such conversion by entering into an FX transaction. The Exchange Agent or the Issuing and Paying Agent, as the case may be, (through DBAG), when entering into an FX transaction, will be acting in a principal capacity, and not as agent, fiduciary or broker, and may hold positions for its own account that are the same, similar, different or opposite to the positions of its customers. When the Exchange Agent or the Issuing and Paying Agent, as the case may be, seeks to execute an FX transaction to accomplish such conversion, the Exchange Agent or the Issuing and Paying Agent, as the case may be, is utilising DBAG as a global dealer in FX for a full range of FX products and, as a result, the rate obtained in connection with any requested foreign currency conversion may be impacted by DBAG executing FX transactions for its own account or with another customer. In addition, in order to source liquidity for any FX transaction relating to the purchase of U.S. dollars with the Specified Currency, DBAG may internally share economic terms relating to the relevant FX transaction with persons acting in a sales or trading capacity for DBAG or one of its agents. Conversions shall be effected in a commercially reasonable manner, similar to that which is effected by DBAG in comparable transactions as principal for other similarly-situated customers. In no event shall the Issuer, the Exchange Agent (or the Issuing and Paying Agent, as the case may be) or DBAG be liable to the Noteholders or any other party for the conversion rate so obtained.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Issuing and Paying Agent, the Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

**Transfers of Notes Represented by Global Certificates**

Transfers of any interests in Notes represented by a Global Certificate within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some states within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Global Certificate to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Global Certificate accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Global Certificate accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg accountholders, on the other hand, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Issuing and Paying Agent, the Paying Agent and any custodian ("**Custodian**") with whom the relevant Global Certificates have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Euroclear and Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Euroclear or Clearstream, Luxembourg and DTC participants will need to have an agreed settlement date between the parties to such transfer. Since there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Global Certificates will be effected through the Registrars, the Issuing and Paying Agent, the Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Euroclear and Clearstream, Luxembourg have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Certificates among participants and accountholders of DTC, Euroclear and Clearstream, Luxembourg. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Agents or any Dealer will be responsible for any performance by DTC, Euroclear or Clearstream, Luxembourg or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

# TAXATION

## General

The following is a general description of certain UAE, DIFC, United States and EU 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 jurisdictions or elsewhere. It is not intended and does not constitute tax advice or legal opinion. Prospective purchasers of Notes are advised to consult their own tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence or domicile, of a purchase of Notes, including, but not limited to, the consequences of receipt of payments under the Notes and their disposal or redemption. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any changes in law that might take effect after such date.

## United Arab Emirates (excluding the Dubai International Financial Centre)

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

There is currently in force in the Emirates of Abu Dhabi and Dubai legislation establishing a general corporate taxation regime (the Abu Dhabi Income Tax Decree 1965 (as amended) and the Dubai Income Tax Decree of 1969 (as amended)). The regime is, however, not enforced save in respect of companies active in the hydrocarbon industry, some related service industries and branches of foreign banks operating in the UAE. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Under current legislation, there is no requirement for withholding or deduction for or on account of UAE, Abu Dhabi or Dubai taxation in respect of payments of interest and principal to any holder of the Notes. In the event of such imposition of any such withholding, the Issuer has undertaken to gross up any payments, subject to certain limited exceptions.

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

The UAE has entered into double taxation arrangements with certain other countries.

## Dubai International Financial Centre

Pursuant to Article 14 of Law No. (9) of 2004 in respect of the DIFC (the "**DIFC Law**"), entities licensed, registered or otherwise authorised to carry on financial services in the DIFC 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 DIFC. 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 Dubai. As a result no payments by the Issuer under the Notes are subject to any tax in the DIFC, whether by withholding or otherwise.

## United States Federal Income Taxation

The following summary discusses certain U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes. Except as specifically noted below, this discussion applies only to:

- Notes purchased on original issuance at their "issue price" (as defined below);
- Notes held as capital assets;
- U.S. Noteholders (as defined below); and
- Notes with an original maturity of 30 years or less.

This discussion does not describe all of the tax consequences that may be relevant in light of a Noteholder's particular circumstances or to Noteholders subject to special rules, such as:

- financial institutions;
- insurance companies;
- tax exempt organisations;
- dealers in securities or currencies;
- persons holding Notes as part of a hedging transaction, "straddle", conversion transaction or other integrated transaction;
- U.S. Noteholders whose functional currency is not the U.S. dollar;
- partnerships or entities or arrangements classified as partnerships for U.S. federal income tax purposes; or
- former citizens and residents of the United States.

This summary is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), administrative pronouncements, published rulings, judicial decisions and final, temporary and proposed U.S. Treasury Regulations all as at the date of this Base Prospectus and any of which may at any time be repealed, revised or subject to differing interpretation, possibly retroactively so as to result in U.S. federal income tax consequences different from those described below. Persons considering the purchase of the Notes should consult the relevant Final Terms (or Pricing Supplement, as applicable) for any additional discussion regarding U.S. federal income taxation and should consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under other U.S. federal tax rules (such as the Medicare contribution tax and the alternative minimum tax), the laws of any state, local or non-U.S. taxing jurisdiction. No ruling will be sought from the U.S. Internal revenue Service (the "**IRS**") with respect to any statement or conclusion in this discussion, and there can be no assurance that the IRS will not challenge such statement or conclusion in the following discussion or, if challenged, that a court will uphold such statement or conclusion.

This summary does not discuss Notes that by their terms may be retired for an amount less than their principal amount and Notes subject to special rules. Moreover, this summary does not discuss Bearer Notes. In general, U.S. federal income tax law imposes significant limitations on U.S. Noteholders of Bearer Notes which are not being marketed to U.S. persons. U.S. Noteholders should consult their tax advisers regarding the tax consequences with respect to the acquisition, ownership and disposition of Notes.

As used herein, the term "**U.S. Noteholder**" means a beneficial owner of a Note that is for U.S. federal income tax purposes:

- an individual that is a citizen or resident of the United States;
- a corporation created or organised in or under the laws of the United States or of any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if: (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust; or (ii) the trust has validly elected to be treated as a United States person for U.S. federal income tax purposes.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds Notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Partners of such entities or arrangements holding Notes should consult with their tax advisers regarding the U.S. federal tax consequences of an investment in the Notes.

***Certain accrual method taxpayers***

Certain U.S. Noteholders that use an accrual method of accounting for tax purposes generally will be required to include certain amounts in income no later than the time such amounts are reflected on their financial statements, which may be earlier than would be the case under the rules described below. With respect to debt instruments having original issue discount, the rule will be effective for tax years beginning after 31 December 2018. U.S. Noteholders that use an accrual method of accounting should consult with their tax advisers regarding the potential applicability of this legislation to their particular situations.

***Payments of stated interest***

Interest paid on a Note will be taxable to a U.S. Noteholder as ordinary interest income at the time it accrues or is received in accordance with the Noteholder's method of accounting for U.S. federal income tax purposes, provided that the interest is "qualified stated interest" (as defined below). Interest income (including original issue discount, as discussed below) earned by a U.S. Noteholder with respect to a Note will constitute foreign source income for U.S. federal income tax purposes, which may be relevant in calculating the Noteholder's foreign tax credit limitation. The rules regarding foreign tax credits are complex and prospective investors should consult their tax advisers about the application of such rules to them in their particular circumstances. Special rules governing the treatment of interest paid with respect to original issue discount Notes and foreign currency Notes are described under "*Taxation – United States Federal Income Taxation – Original issue discount*", "*Taxation – United States Federal Income Taxation – Contingent payment debt instruments*" and "*Taxation – United States Federal Income Taxation – Foreign currency Notes*".

***Original issue discount***

A Note that has an "issue price" that is less than its "stated redemption price at maturity" will be considered to have been issued with original issue discount for U.S. federal income tax purposes (and will be referred to as an "**original issue discount Note**") unless the Note satisfies a *de minimis* threshold (as described below). The "issue price" of a Note generally will be the first price at which a substantial amount of the Notes are sold to the public (which does not include sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers). The "stated redemption price at maturity" of a Note generally will equal the sum of all payments required to be made under the Note other than payments of "qualified stated interest". "**Qualified stated interest**" is stated interest unconditionally payable (other than in debt instruments of the Issuer) at least annually during the entire term of the Note at a single fixed rate of interest, at a single qualified floating rate of interest or at a rate that is determined at a single fixed formula that is based on objective financial or economic information. A rate is a qualified floating rate if variations in the rate can reasonably be expected to measure contemporaneous fluctuations in the cost of newly borrowed funds in the currency in which the Note is denominated.

If the difference between a Note's stated redemption price at maturity and its issue price is less than a *de minimis* amount, i.e., one-quarter of one per cent. of the stated redemption price at maturity multiplied by the number of complete years to maturity (or weighted average maturity if any amount included in the stated redemption price at maturity is payable before maturity), the Note will not be considered to have original issue discount. U.S. Noteholders of the Notes with a *de minimis* amount of original issue discount will include this original issue discount in income, as capital gain, on a *pro rata* basis as principal payments are made on the Note.

U.S. Noteholders of original issue discount Notes that mature more than one year from their date of issuance will be required to include original issue discount in income for U.S. federal income tax purposes as it accrues in accordance with a constant yield method based on a compounding of interest, regardless of whether cash attributable to this income is received. Under these rules, U.S. Noteholders generally will have to include in taxable income increasingly greater amounts of original issue discount in successive accrual periods.

A U.S. Noteholder may make an election to include in gross income all interest that accrues on any particular Note (including stated interest, acquisition discount, original issue discount, *de minimis* original issue discount, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium or acquisition premium) in accordance with a constant yield method based on the compounding of interest, and generally may revoke such election (a "**constant yield election**") only with the permission of the IRS. If a U.S. Noteholder makes a constant yield election with respect to a Note with market discount (discussed below), the U.S. Noteholder will be treated as having made an election to include market discount in income currently over the life of all debt instruments with market discount acquired by the electing U.S. Noteholder on or after the first day of the first taxable year to which such election applies. U.S. Noteholders should consult their tax advisers about making this election in light of their particular circumstances.

A Note that matures one year or less from its date of issuance (a "**short-term Note**") will be treated as being issued at a discount and none of the interest paid on the Note will be treated as qualified stated interest regardless of its issue price. In general, a cash method U.S. Noteholder of a short-term Note is not required to accrue the discount for U.S. federal income tax purposes but may elect to do so. Cash method U.S. Holders who do not elect to accrue the discount should include stated interest payments on short-term Notes as ordinary income upon receipt. Cash method U.S. Noteholders who do elect to accrue the discount and certain other Noteholders, including those who report income on the accrual method of accounting for U.S. federal income tax purposes, are required to include the discount in income as it accrues on a straight-line basis, unless another election is made to accrue the discount according to a constant yield method based on daily compounding. In the case of a U.S. Noteholder who is not required and who does not elect to include the discount in income currently, any gain realised on the sale, exchange, or retirement of the short-term Note will be ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding) through the date of sale, exchange or retirement. In addition, those U.S. Noteholders will be required to defer deductions for any interest paid on indebtedness incurred to purchase or carry short-term Notes in an amount not exceeding the accrued discount until the accrued discount is included in income.

The Issuer may have an unconditional option to redeem, or U.S. Noteholders may have an unconditional option to require the Issuer to redeem, a Note prior to its stated maturity date. Under applicable regulations, if the Issuer has an unconditional option to redeem a Note prior to its stated maturity date, this option will be presumed to be exercised if, by utilising any date on which the Note may be redeemed as the maturity date and the amount payable on that date in accordance with the terms of the Note as the stated redemption price at maturity, the yield on the Note would be lower than its yield to maturity. If the U.S. Noteholders have an unconditional option to require the Issuer to redeem a Note prior to its stated maturity date, this option will be presumed to be exercised if making the same assumptions as those set forth in the previous sentence, the yield on the Note would be higher than its yield to maturity. If it was presumed that an option would be exercised but it is not in fact exercised, the Note would be treated solely for purposes of calculating original issue discount as if it were redeemed, and a new Note were issued, on the presumed exercise date for an amount equal to the Note's adjusted issue price on that date. The adjusted issue price of an original issue discount Note is defined as the sum of the issue price of the Note and the aggregate amount of previously accrued original issue discount, less any prior payments other than payments of qualified stated interest.

***Market discount***

If a U.S. Noteholder purchases a Note (other than a short-term Note) for an amount that is less than its stated redemption price at maturity or, in the case of an original issue discount Note, its adjusted issue price, the amount of the difference will be treated as market discount for U.S. federal income tax purposes, unless this difference is less than a specified *de minimis* amount.

A U.S. Noteholder will be required to treat any principal payment (or, in the case of an original issue discount Note, any payment that does not constitute qualified stated interest) on, or any gain on the sale, exchange, retirement or other disposition of a Note, including disposition in certain non-recognition transactions, as foreign source ordinary income to the extent of the market discount accrued on the Note at the time of the payment or disposition unless this market discount has been previously included in income by the U.S. Noteholder pursuant to an election by the U.S. Noteholder to include market discount in income as it accrues. An election to include market discount in income as it accrues applies to all debt instruments with market discount acquired by the electing U.S. Noteholder on or after the first day of the first taxable year to which such election applies and may not be revoked without the consent of the IRS. In addition, a U.S. Noteholder that does not elect to include market discount in income currently may be required to defer, until the maturity of the Note or its earlier disposition (including certain non-taxable transactions), the deduction of all or a portion of the interest expense on any indebtedness incurred or maintained to purchase or carry such Note.

Market discount will accrue on a straight-line basis unless a U.S. Noteholder makes an election on a Note to accrue on the basis of a constant interest rate. This election is irrevocable once made.

***Acquisition premium and amortisable bond premium***

A U.S. Noteholder who purchases a Note for an amount that is greater than the Note's adjusted issue price but less than or equal to the stated redemption price at maturity will be considered to have purchased the Note at an acquisition premium. Under the acquisition premium rules, the amount of original issue discount that the U.S. Noteholder must include in its gross income with respect to the Note for any taxable year will be reduced by the portion of acquisition premium properly allocable to that year.

If a U.S. Noteholder purchases a Note for an amount that is greater than the stated redemption price at maturity, the U.S. Noteholder will be considered to have purchased the Note with amortisable bond premium equal in amount to the excess of the purchase price over the amount payable at maturity. The U.S. Noteholder may elect to amortise this premium, using a constant yield method, over the remaining term of the Note. A U.S. Noteholder who elects to amortise bond premium must reduce his or her tax basis in the Note by the amount of the premium amortised in any year. An election to amortise bond premium applies to all taxable debt obligations then owned and thereafter acquired by the U.S. Noteholder and may be revoked only with the consent of the IRS.

If a U.S. Noteholder makes a constant yield election (as described under "*Taxation – United States Federal Income Taxation – Original issue discount*") for a Note with amortisable bond premium, such election will result in a deemed election to amortise bond premium for all of the U.S. Noteholder's debt instruments with amortisable bond premium.

***Sale, exchange or retirement of the Notes***

Upon the sale, exchange or retirement of a Note, a U.S. Noteholder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the Noteholder's adjusted tax basis in the Note. A U.S. Noteholder's adjusted tax basis in a Note generally will equal the acquisition cost of the Note increased by the amount of original issue discount and market discount included in the U.S. Noteholder's gross income and decreased by any bond premium or acquisition premium previously amortised and by the amount of any payment received from the Issuer other than a payment of qualified stated interest, in each case, with respect to the Note. Gain or loss, if any, will generally be U.S. source income for purposes of computing a U.S. Noteholder's foreign tax credit limitation except to the extent attributable to market discount that has not been previously included in the U.S. Noteholder's gross income. For these purposes, the amount realised does not include any amount attributable to accrued but unpaid qualified stated interest on the Note. Amounts attributable to accrued but unpaid qualified stated interest are treated as payments of interest as described under "*Taxation – United States Federal Income Taxation – Payments of stated interest*".

Gain or loss realised on the sale, exchange or retirement of a Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the U.S. Noteholder has held the Note for more than one year. Exceptions to this general rule apply to the extent of any accrued market discount or, in the case of a short-term Note, to the extent of any accrued discount not previously included in the U.S. Noteholder's taxable income (see further "*Taxation – United States Federal Income Taxation – Original issue discount*" and "*Taxation – United States Federal Income Taxation – Market discount*"). In addition, other exceptions to this general rule apply in the case of foreign currency Notes, and contingent payment debt instruments (see further "*Taxation – United States Federal Income Taxation – Contingent payment debt instruments*" and "*Taxation – United States Federal Income Taxation – Foreign currency Notes*"). The deductibility of capital losses is subject to limitations.

***Contingent payment debt instruments***

If the terms of the Notes provide for certain contingencies that affect the timing and amount of payments (including Notes with a variable rate or rates that do not qualify as "variable rate debt instruments" for purposes of the original issue discount rules), the Notes generally will be "contingent payment debt instruments" for U.S. federal income tax purposes. Under the rules that govern the treatment of contingent payment debt instruments, no payment on such Notes qualifies as qualified stated interest. Rather, a U.S. Noteholder must account for interest for U.S. federal income tax purposes based on a "comparable yield" and the differences between actual payments on the Note and the Note's "projected payment schedule" as described below. The comparable yield is determined by the Issuer at the time of issuance of the Notes. The comparable yield may be greater than or less than the stated interest, if any, with respect to the Notes. Solely for the purpose of determining the amount of interest income that a U.S. Noteholder will be required to accrue on a contingent payment debt instrument, the Issuer will be required to construct a "projected payment schedule" that represents a series of payments the amount and timing of which would produce a yield to maturity on the contingent payment debt instrument equal to the comparable yield. The Issuer's determination, however, is not binding on the IRS, and it is possible that the IRS could conclude that some other comparable yield or projected payment schedule should be used instead.

**Neither the comparable yield nor the projected payment schedule constitutes a representation by the Issuer regarding the actual amount, if any, that the contingent payment debt instrument will pay.**

For U.S. federal income tax purposes, a U.S. Noteholder will be required to use the comparable yield and the projected payment schedule established by the Issuer in determining interest accruals and adjustments, unless the U.S. Noteholder timely discloses and justifies the use of a different comparable yield and projected payment schedule to the IRS.

A U.S. Noteholder, regardless of the U.S. Noteholder's method of accounting for U.S. federal income tax purposes, will be required to accrue interest income on a contingent payment debt instrument at the comparable yield, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments on the contingent payment instrument (as set forth below).

A U.S. Noteholder will be required to recognise interest income equal to the amount of any net positive adjustment, i.e., the excess of actual payments over projected payments, in respect of a contingent payment debt instrument for a taxable year. A net negative adjustment, i.e., the excess of projected payments over actual payments, in respect of a contingent payment debt instrument for a taxable year:

(i) will first reduce the amount of interest in respect of the contingent payment debt instrument that a Noteholder would otherwise be required to include in income in the taxable year; and

(ii) to the extent of any excess, will give rise to an ordinary loss equal to so much of this excess as does not exceed the excess of:

  (a) the amount of all previous interest inclusions under the contingent payment debt instrument over

  (b) the total amount of the U.S. Noteholder's net negative adjustments treated as ordinary loss on the contingent payment debt instrument in prior taxable years.

A net negative adjustment is not subject to the 2 per cent. floor limitation that will be imposed on miscellaneous itemised deductions after 2025. Any net negative adjustment in excess of the amounts described above will be carried forward to offset future interest income in respect of the contingent payment debt instrument or to reduce the amount realised on a sale, exchange or retirement of the contingent payment debt instrument. Where a U.S. Noteholder purchases a contingent payment debt instrument for a price other than its adjusted issue price, the difference between the purchase price and the adjusted issue price must be reasonably allocated to the daily portions of interest or projected payments with respect to the contingent payment debt instrument over its remaining term and treated as a positive or negative adjustment, as the case may be, with respect to each period to which it is allocated.

Upon a sale, exchange or retirement of a contingent payment debt instrument, a U.S. Noteholder generally will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the U.S. Noteholder's adjusted basis in the contingent payment debt instrument. A U.S. Noteholder's adjusted basis in a Note that is a contingent payment debt instrument generally will be the acquisition cost of the Note, increased by the interest previously accrued by the U.S. Noteholder on the Note under these rules, disregarding any net positive and net negative adjustments, and decreased by the amount of any non-contingent payments and the projected amount of any contingent payments previously made on the Note. A U.S. Noteholder generally will treat any gain as interest income, and any loss as ordinary loss to the extent of the excess of previous interest inclusions in excess of the total net negative adjustments previously taken into account as ordinary losses, and the balance as capital loss. The deductibility of capital losses is subject to limitations. In addition, if a Noteholder recognises loss above certain thresholds, the Noteholder may be required to file a disclosure statement with the IRS (as described under "*Taxation – United States Federal Income Taxation – Reporting requirements*").

A U.S. Noteholder will have a tax basis in any property, other than cash, received upon the retirement of a contingent payment debt instrument equal to the fair market value of the property, determined at the time of retirement. The U.S. Noteholder's holding period for the property will commence on the day immediately following its receipt. Special rules apply to contingent payment debt instruments that are denominated, or provide for payments, in a currency other than the U.S. dollar ("**Foreign Currency Contingent Payment Debt Instruments**"). Very generally, Foreign Currency Contingent Payment Debt Instruments are accounted for like a contingent payment debt instrument, as described above, but in the currency of the Foreign Currency Contingent Payment Debt Instruments. The relevant amounts must then be translated into U.S. dollars. The rules applicable to Foreign Currency Contingent Payment Debt Instruments are complex and U.S. Noteholders are urged to consult their own tax advisers regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of Foreign Currency Contingent Payment Debt Instruments.

***Benchmark Event***

Certain terms of the Notes relating to a Benchmark Event could be viewed as contingencies that affect the amount of payments for purposes of the contingent payment debt instrument rules. The Issuer intends to take the position that these terms do not cause the Notes to be contingent payment debt instruments. This determination, however, is not binding on the IRS and if the IRS were to successfully challenge this determination, a U.S. Noteholder may be subject to the rules discussed above (as described under "*Taxation – United States Federal Income Taxation – Contingent payment debt instruments*"). U.S. Noteholders should consult with their tax advisers about the potential impact of these terms in their particular circumstances.

***Foreign currency Notes***

The following discussion summarises the principal U.S. federal income tax consequences to a U.S. Noteholder of the ownership and disposition of Notes the payments of interest or principal on which are denominated in or determined by reference to a currency other than the U.S. dollar ("**foreign currency Notes**").

The rules applicable to foreign currency Notes could require some or all gain or loss on the sale, exchange or other disposition of a foreign currency Note to be recharacterised as ordinary income or loss. The rules applicable to foreign currency Notes are complex and may depend on the U.S. Noteholder's particular U.S. federal income tax situation. For instance, various elections are available under these rules, and whether a U.S. Noteholder should make any of these elections may depend on the U.S. Noteholder's particular U.S. federal income tax situation. U.S. Noteholders are urged to consult their own tax advisers regarding the U.S. federal income tax consequences of the ownership and disposition of foreign currency Notes.

A U.S. Noteholder who uses the cash method of accounting and who receives a payment of qualified stated interest in a foreign currency with respect to a foreign currency Note will be required to include in income the U.S. dollar value of the foreign currency payment (determined on the date the payment is received) regardless of whether the payment is in fact converted to U.S. dollars at the time, and this U.S. dollar value will be the U.S. Noteholder's tax basis in the foreign currency.

An accrual method U.S. Noteholder will be required to include in income the U.S. dollar value of the amount of interest income (including original issue discount or market discount, but reduced by acquisition premium and amortisable bond premium, to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a foreign currency Note during an accrual period. The U.S. dollar value of the accrued income will be determined by translating the income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the relevant taxable year. The U.S. Noteholder will recognise ordinary income or loss with respect to accrued interest income on the date the income is actually received. The amount of ordinary income or loss recognised will equal the difference between the U.S. dollar value of the foreign currency payment received (determined on the date the payment is received) in respect of the accrual period and the U.S. dollar value of interest income that has accrued during the accrual period (as determined above). Rules similar to these rules apply in the case of a cash method taxpayer required to currently accrue original issue discount or market discount.

An accrual method U.S. Noteholder or cash method U.S. Noteholder accruing original issue discount may elect to translate interest income (including original issue discount) into U.S. dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the partial accrual period in the relevant taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. Noteholder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

Original issue discount, market discount, acquisition premium and amortisable bond premium on a foreign currency Note are to be determined in the relevant foreign currency. Where the taxpayer elects to include market discount in income currently, the amount of market discount will be determined for any accrual period in the relevant foreign currency and then translated into U.S. dollars on the basis of the average rate in effect during the accrual period. Exchange gain or loss realised with respect to such accrued market discount shall be determined in accordance with the rules relating to accrued interest described above. Accrued market discount (other than market discount currently included in income) taken into account upon the receipt of any partial principal payment or upon the sale, retirement or other disposition of a Note is translated into U.S. dollars at the spot rate on such payment or disposition date.

If an election to amortise bond premium is made, amortisable bond premium taken into account on a current basis shall reduce interest income in units of the relevant foreign currency. Exchange gain or loss is realised on amortised bond premium with respect to any period by treating the bond premium amortised in the period in the same manner as on the sale, exchange or retirement of the foreign currency Note. Any exchange gain or loss will be ordinary income or loss as described below. If the election is not made, any loss realised on the sale, exchange or retirement of a foreign currency Note with amortisable bond premium by a U.S. Noteholder who has not elected to amortise the premium will be a capital loss to the extent of the bond premium.

A U.S. Noteholder's tax basis in a foreign currency Note, and the amount of any subsequent adjustment to the U.S. Noteholder's tax basis, will be the U.S. dollar value amount of the foreign currency amount paid for such foreign currency Note, or of the foreign currency amount of the adjustment, determined on the date of the purchase or adjustment. A U.S. Noteholder who purchases a foreign currency Note with previously owned foreign currency will recognise ordinary income or loss in an amount equal to the difference, if any, between such U.S. Noteholder's tax basis in the foreign currency and the U.S. dollar fair market value of the foreign currency Note on the date of purchase.

Gain or loss realised upon the sale, exchange or retirement of a foreign currency Note that is attributable to fluctuation in currency exchange rates will be ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between: (i) the U.S. dollar value of the foreign currency principal amount of the Note, determined on the date the payment is received or the Note is disposed of; and (ii) the U.S. dollar value of the foreign currency principal amount of the Note, determined on the date the U.S. Noteholder acquired the Note. Payments received attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest on foreign currency Notes described above. The foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by the U.S. Noteholder on the sale, exchange or retirement of the foreign currency Note. The source of the foreign currency gain or loss will be determined by reference to the residence of the U.S. Noteholder or the "qualified business unit" of the U.S. Noteholder on whose books the Note is properly reflected. Any gain or loss realised by these U.S. Noteholders in excess of the foreign currency gain or loss will be capital gain or loss except to the extent of any accrued market discount or discount on a short-term Note not previously included in the Noteholder's income provided that the Note is not a Foreign Currency Contingent Payment Debt Instrument. Noteholders should consult their own tax advisers with respect to the tax consequences of receiving payments in a currency different from the currency in which payments with respect to such Note accrue.

A U.S. Noteholder will have a tax basis in any foreign currency received on the sale, exchange or retirement of a foreign currency Note equal to the U.S. dollar value of the foreign currency, determined at the time of sale, exchange or retirement. A cash method taxpayer who buys or sells a foreign currency Note that is traded on an established securities market is required to translate units of foreign currency paid or received into U.S. dollars at the spot rate on the settlement date of the purchase or sale. Accordingly, no exchange gain or loss will result from currency fluctuations between the trade date and the settlement date of the purchase or sale. An accrual method taxpayer may elect the same treatment for all purchases and sales of foreign currency obligations provided that the Notes are traded on an established securities market. This election cannot be changed without the consent of the IRS. If either: (i) the Note is not traded on an established securities market; or (ii) it is and the Noteholder is an accrual method taxpayer that does not make the election described above with respect to such Note, exchange gain or loss may result from currency fluctuations between the trade date and the settlement date of the purchase or sale. Any gain or loss realised by a U.S. Noteholder on a sale or other disposition of foreign currency (including its exchange for U.S. dollars or its use to purchase foreign currency Notes) will be ordinary income or loss.

***Backup withholding and information reporting***

Information returns may be filed with the IRS in connection with payments on the Notes and the proceeds from a sale or other disposition of the Notes. A U.S. Noteholder may be subject to U.S. backup withholding on these payments if it fails to provide its tax identification number to the paying agent and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a U.S. Noteholder will be allowed as a credit against the U.S. Noteholder's U.S. federal income tax liability and may entitle them to a refund, provided that the required information is furnished to the IRS.

***Reporting requirements***

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Noteholder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if the loss exceeds U.S.$50,000 in a single taxable year if the U.S. Noteholder is an individual or trust, or higher amounts for other U.S. Noteholders. In the event the acquisition, ownership or disposition of the Notes constitutes participation in a "reportable transaction" for purposes of these rules, a U.S. Noteholder will be required to disclose its investment by filing Form 8886 with the IRS.

U.S. Noteholders should consult their tax advisers regarding the application of these rules as well as any additional filing or reporting obligations that may apply to the acquisition, ownership or disposition of the Notes. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.

**The U.S. federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a U.S. Noteholder's particular situation. U.S. Noteholders should consult their own tax advisers with respect to the tax consequences to them of the ownership and disposition of the Notes, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in U.S. federal or other tax laws.**

**Foreign Account Tax Compliance Act**

Pursuant to Sections 1471 through 1474 of the Code, 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**", a term not defined as at the date of this Base Prospectus) 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 publication of the final regulations defining "foreign passthru payment" 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 (the "**grandfathering date**") generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). 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 or indemnify any person as a result of any FATCA 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 (each, other than Estonia, the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No. 1287/2006 (such as the issuance and subscription of Notes) are expected to be exempt.

Under the Commission's Proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the 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: (i) by transacting with a person established in a participating Member State; or (ii) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

## CERTAIN ERISA AND RELATED CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and Section 4975 of the Code, prohibit certain transactions involving: (i) the assets of "employee benefit plans" within the meaning of Section 3(3) of ERISA that are subject to Title I of ERISA, such as pension plans, profit-sharing plans, collective investment funds and separate accounts whose underlying assets include the assets of such employee benefit plans, or "plans" within the meaning of Section 4975(e)(1) of the Code that are subject to Section 4975 of the Code, such as individual retirement accounts and "Keogh" plans (collectively, "**Plans**"); and (ii) persons who have certain specified relationships to such Plans ("parties in interest" under ERISA and "disqualified persons" under Section 4975 of the Code and collectively, "**Parties in Interest**"). A violation of these "prohibited transaction" rules may result in the imposition of an excise tax, the rescission of the transaction or other liabilities under ERISA and/or Section 4975 of the Code for such persons, unless relief is available under an applicable statutory or administrative exemption. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may apply depending in part on the type of the Plan's fiduciary making the decision to acquire a Note and the circumstances under which such decision is made. Included among these exemptions are Section 408(b)(17) of ERISA (relating to certain transactions between a Plan and a non-fiduciary service provider, provided that the Plan pays no more than, and receives no less than, adequate consideration in connection with the transaction), Prohibited Transaction Class Exemption ("**PTCE**") 95-60 (relating to investments by insurance company general accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by an in-house asset manager). There can be no assurance that any of these class exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

Employee benefit plans which are not "Benefit Plan Investors", including "governmental plans" within the meaning of Section 3(32) of ERISA, certain "church plans" within the meaning of Section 3(33) of ERISA, and non-U.S. plans described in Section 4(b)(4) of ERISA, may be subject to U.S. federal, state or local, or non-U.S., law or regulation that contains one or more provisions that are substantially similar to the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code ("**Similar Law**"). Fiduciaries of such plans should consult with their counsel before they purchase any of the Notes or any interest therein.

Under the Plan Asset Regulation, when (i) a Plan or (ii) any person or entity whose underlying assets include, or are deemed to include under the U.S. Department of Labor regulation at 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA (the "**Plan Asset Regulation**"), or otherwise for purposes of Title I of ERISA or Section 4975 of the Code, "plan assets" by reason of a Plans' investment in the person or entity (each of (i)-(ii), a "**Benefit Plan Investor**") acquires 25 per cent. or more of any class of "equity interest" in an entity (which is defined as an interest in an entity other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features) that is neither a publicly offered security nor a security issued by an investment company registered under the U.S. Investment Company Act of 1940, as amended, the underlying assets owned by that entity will be treated as if they were the assets of a Plan, unless an exception otherwise applies. For purposes of this calculation, the value of equity interest held by (i) persons, other than Benefit Plan Investors, that have discretionary authority or control over the assets of the entity, or that provide investment advice with respect to such assets for a fee, directly or indirectly, or (ii) any "affiliates" within the meaning of paragraph (f)(3) of the Plan Asset Regulation of the foregoing (i) persons are excluded. If the assets of the Issuer were deemed to be assets of a Plan, the Issuer would be subject to certain fiduciary obligations under ERISA, and certain transactions that the Issuer might enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under ERISA and Section 4975 of the Code.

Although no assurance can be given, the Notes issued should not be considered equity interests under the Plan Asset Regulation and the Issuer intends to treat the Notes as indebtedness. Nevertheless, prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any of the Notes are acquired by a Benefit Plan Investor with respect to which the Issuer is a Party in Interest. Accordingly, unless otherwise stated in the Final Terms or the Pricing Supplement, as the case may be, each purchaser and transferee of any Note will be deemed to represent and agree that either: (a) it is not acting on behalf of and shall not at any time hold such Note for or on behalf of a Benefit Plan Investor or a governmental, church or non-U.S. plan that is subject to any Similar Law; or (b) its acquisition, holding and disposition of such Note or of any interest therein will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any applicable Similar Law. Any purported purchase or transfer of such a Note that does not comply with the foregoing shall be null and void *ab initio*.

Each purchaser and holder of a Note that is a Benefit Plan Investor will be deemed to represent, warrant and agree on each day on which such beneficial owner acquires such Note or interest through and including the date on which it disposes of such Note or interest that: (1) none of the Issuer, the Dealers, the Trustee or their respective affiliates (the "**Transaction Parties**") has provided or will provide any investment recommendation or investment advice to the Benefit Plan Investor or any fiduciary or other person investing on behalf of the Benefit Plan Investor, or who otherwise has discretion or control over the investment and management of "plan assets" (a "**Plan Fiduciary**"), on which either the Benefit Plan Investor or Plan Fiduciary has relied in connection with the decision to acquire such Note or an interest therein; (2) the Transaction Parties are not otherwise acting as a "fiduciary" within the meaning of Section 3(21) of ERISA or Section 4975(e)(3) of the Code to the Benefit Plan Investor or Plan Fiduciary in connection with the Benefit Plan Investor's acquisition of such Note or an interest therein; and (3) the Plan Fiduciary is exercising its own independent judgement in evaluating the transaction.

## SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in an amended and restated dealer agreement (the "**Dealer Agreement**") dated 2 September 2019, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes for their own account or for resale to investors and other purchasers at varying pricing relating to prevailing market prices at the time of resale as determined by any Dealer or for resale at a fixed offering price. Any such agreement will extend to those matters stated under "*Summary of Provisions Relating to the Notes while in Global Form*" and "*Terms and Conditions of the Notes*".

In accordance with the terms of the Dealer Agreement, the Issuer will pay each relevant Dealer a commission as agreed between the Issuer and such Dealers in respect of Notes subscribed by it. The Issuer has agreed in the Dealer Agreement to reimburse the Dealers for certain of their expenses in connection with the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. The Dealer Agreement entitles the relevant Dealer(s) to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically, such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilisation or other transactions. Such transactions, if commenced, may be discontinued at any time. Under U.K. laws and regulations, stabilisation activities may only be carried on by the Stabilisation Manager(s) named in the applicable Final Terms (or Pricing Supplement, as applicable) (or persons acting on behalf of any Stabilisation Manager(s)) and only for a limited period following the Issue Date of the relevant Tranche of Notes.

### Transfer Restrictions

***As a result of the following restrictions, purchasers of Notes who are in the United States or who are U.S. persons are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.***

Each purchaser of Registered Notes (other than a person purchasing an interest in a Global Certificate with a view to holding it in the form of an interest in the same Global Certificate) or person wishing to transfer an interest from one Global Certificate to another or from global to definitive form or *vice versa*, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Global Certificate with a view to holding it in the form of an interest in the same Global Certificate will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(i) that either: (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A; or (b) it is outside the United States and is not a U.S. person;

(ii) that it is not a broker-dealer which owns and invests on a discretionary basis less than U.S.$25,000,000 in securities of unaffiliated issuers;

(iii) that it is not formed for the purpose of investing in the Issuer;

(iv) that it, and each account for which it is purchasing, will hold and transfer at least the minimum denomination of the Notes;

(v) that it understands that the Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositories;

(vi) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws and, accordingly, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(vii) that, unless it holds an interest in a Unrestricted Global Certificate and is a non-U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so prior to the expiration of the applicable required holding period determined pursuant to Rule 144 from the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only: (a) to the Issuer or any affiliate thereof; (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs in a transaction meeting the requirements of Rule 144A; (c) outside the United States in compliance with Rule 903 or Rule 904 under Regulation S of the Securities Act; (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available); or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. state securities laws;

(viii) it will, and will require each subsequent holder to, notify any purchaser or transferee, as applicable, of the Notes from it of the resale and transfer restrictions referred to in paragraph (vii) above, if then applicable;

(ix) that Notes initially offered in the United States to QIBs will be represented by one or more Restricted Global Certificates and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Unrestricted Global Certificates;

(x) that it understands that the Issuer has the power to compel any beneficial owner of Notes represented by a Restricted Global Certificate that is a U.S. person and is not a QIB to sell its interest in such Notes, or may sell such interest on behalf of such owner. The Issuer has the right to refuse to honour the transfer of an interest in any Restricted Global Certificate to a U.S. person who is not a QIB. Any purported transfer of an interest in a Restricted Global Certificate to a purchaser that does not comply with the requirements of the transfer restrictions herein will be of no force and effect and will be void *ab initio;*

(xi) except as otherwise provided in the terms of a Note, the purchaser of a Note or any interest therein represents and agrees that either: (a) it is not acting on behalf of and shall not at any time hold such Note for or on behalf of a Benefit Plan Investor or a governmental, church or non-U.S. plan that is subject to any Similar Law; or (b) its acquisition, holding and disposition of such Note or of any interest therein will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any applicable Similar Law. Any purported purchase or transfer of such a Note that does not comply with the foregoing shall be null and void *ab initio*;

(xii) to the extent Benefit Plan Investors or Similar Law plans are prohibited from purchasing a Note or any interest therein under the terms of a Note, the purchaser of such Note (or any interest in a Note) represents and warrants that it is not, and for so long as it holds such Note or interest it will not be, a Benefit Plan Investor or a governmental, church or non-U.S. plan that is subject to Similar Law. Any purported purchase or transfer that does not comply with the foregoing shall be null and void *ab initio;*

(xiii) with respect to Notes purchased by Benefit Plan Investors, the purchaser will be deemed to represent, warrant and agree on each day on which such beneficial owner acquires such Note or interest through and including the date on which it disposes of such Note or interest that: (a) none of the Transaction Parties has provided or will provide any investment recommendation or investment advice to the Benefit Plan Investor or Plan Fiduciary, on which either the Benefit Plan Investor or Plan Fiduciary has relied in connection with the decision to acquire such Note or an interest therein; (b) the Transaction Parties are not otherwise acting as a "fiduciary" within the meaning of Section 3(21) of ERISA or Section 4975(e)(3) of the Code to the Benefit Plan Investor or Plan Fiduciary in connection with the Benefit Plan Investor's acquisition of such Note or an interest therein; and (c) the Plan Fiduciary is exercising its own independent judgement in evaluating the transaction;

(xiv) that the Notes in registered form, other than the Unrestricted Global Certificate, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS, AND, ACCORDINGLY, THE SECURITIES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER: (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A ("**RULE 144A**") UNDER THE SECURITIES ACT) ("**QIB**") PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS AND THAT IT IS NOT: (1) A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS; (2) FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER; AND (3) A PLAN OR TRUST FUND REFERRED TO IN PARAGRAPH (A)(1)(I)(D), (E) OR (F) OF RULE 144A IF INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE BY THE BENEFICIARIES OF THE PLAN; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO EXPIRATION OF THE APPLICABLE REQUIRED HOLDING PERIOD DETERMINED PURSUANT TO RULE 144 OF THE SECURITIES ACT FROM THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN: (1) TO THE ISSUER OR ANY AFFILIATE THEREOF; (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A; (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER REGULATION S OF THE SECURITIES ACT; (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE); OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALES OF THE SECURITY.

ANY RESALE OR OTHER TRANSFER OF THIS SECURITY (OR BENEFICIAL INTEREST HEREIN) WHICH IS NOT MADE IN COMPLIANCE WITH THE RESTRICTIONS SET FORTH HEREIN WILL BE OF NO FORCE AND EFFECT, WILL BE NULL AND VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER OR ANY OF ITS AGENTS. IN ADDITION TO THE FOREGOING, IN THE EVENT OF A TRANSFER OF THIS SECURITY (OR BENEFICIAL INTEREST HEREIN) TO A U.S. PERSON WITHIN THE MEANING OF REGULATION S THAT IS NOT A QIB, THE ISSUER MAY: (A) COMPEL SUCH TRANSFEREE TO SELL THIS SECURITY OR ITS INTEREST HEREIN TO A PERSON WHO: (1) IS A U.S. PERSON WHO IS A QIB THAT IS OTHERWISE QUALIFIED TO PURCHASE THIS SECURITY OR INTEREST HEREIN IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT; OR (2) IS NOT A U.S. PERSON WITHIN THE MEANING OF REGULATION S IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S; OR (B) COMPEL SUCH TRANSFEREE TO SELL THIS SECURITY OR ITS INTEREST HEREIN TO A PERSON DESIGNATED BY OR ACCEPTABLE TO THE ISSUER AT A PRICE EQUAL TO THE LESSER OF: (1) THE PURCHASE PRICE THEREFOR PAID BY THE ORIGINAL

TRANSFEREE; (2) 100 PER CENT. OF THE PRINCIPAL AMOUNT THEREOF; OR (3) THE FAIR MARKET VALUE THEREOF. THE ISSUER HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF THIS SECURITY OR INTEREST HEREIN TO A U.S. PERSON WHO IS NOT A QIB. EACH TRANSFEROR OF THIS SECURITY WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE AGENCY AGREEMENT TO ITS TRANSFEREE.

[THIS SECURITY (OR ANY INTEREST HEREIN) MAY BE PURCHASED BY OR OTHERWISE ACQUIRED BY AN "EMPLOYEE BENEFIT PLAN" WITHIN THE MEANING OF SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT ARE SUBJECT TO TITLE I OF ERISA, A "PLAN" WITHIN THE MEANING OF SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), THAT ARE SUBJECT TO SECTION 4975 OF THE CODE, ANY PERSON OR ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE UNDER THE U.S. DEPARTMENT OF LABOR REGULATION AT 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, OR OTHERWISE FOR PURPOSES OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE, "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE PERSON OR ENTITY (COLLECTIVELY, "**BENEFIT PLAN INVESTORS**") OR AN EMPLOYEE BENEFIT PLAN THAT IS NOT A BENEFIT PLAN INVESTOR BUT IS SUBJECT TO A U.S. FEDERAL, STATE OR LOCAL, OR NON-U.S., LAW OR REGULATION THAT CONTAINS ONE OR MORE PROVISIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY AND PROHIBITED TRANSACTION PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"). EACH PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT EITHER: (A) IT IS NOT ACTING ON BEHALF OF AND SHALL NOT AT ANY TIME HOLD SUCH SECURITY FOR OR ON BEHALF OF A BENEFIT PLAN INVESTOR OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN THAT IS SUBJECT TO ANY SIMILAR LAW; OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH SECURITY OR OF ANY INTEREST THEREIN WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF ANY APPLICABLE SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF SUCH A SECURITY THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*.][2]

[THIS SECURITY (OR ANY INTEREST HEREIN) MAY NOT BE PURCHASED BY OR OTHERWISE ACQUIRED BY AN "EMPLOYEE BENEFIT PLAN" WITHIN THE MEANING OF SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT ARE SUBJECT TO TITLE I OF ERISA, A "PLAN" WITHIN THE MEANING OF SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), THAT ARE SUBJECT TO SECTION 4975 OF THE CODE, ANY PERSON OR ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE UNDER THE U.S. DEPARTMENT OF LABOR REGULATION AT 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, OR OTHERWISE FOR PURPOSES OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE, "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE PERSON OR ENTITY (COLLECTIVELY, "**BENEFIT PLAN INVESTORS**") OR AN EMPLOYEE BENEFIT PLAN THAT IS NOT A BENEFIT PLAN INVESTOR BUT IS SUBJECT TO A U.S. FEDERAL, STATE OR LOCAL, OR NON-U.S., LAW OR REGULATION THAT CONTAINS ONE OR MORE PROVISIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY AND PROHIBITED TRANSACTION PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"). EACH HOLDER OF SUCH A SECURITY WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT IT IS NOT AND FOR SO LONG AS IT HOLDS THIS SECURITY WILL NOT BE A BENEFIT PLAN INVESTOR OR AN EMPLOYEE BENEFIT PLAN THAT IS NOT A BENEFIT PLAN INVESTOR BUT IS SUBJECT TO ANY

[2] Include if the Notes are treated as "debt" for U.S. federal income tax purposes.

SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF A SECURITY OR INTEREST THEREIN THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*.][3]

EACH PURCHASER AND HOLDER OF ANY NOTE THAT IS A BENEFIT PLAN INVESTOR WILL BE DEEMED TO REPRESENT WARRANT AND AGREE ON EACH DAY ON WHICH SUCH BENEFICIAL OWNER ACQUIRES SUCH NOTE OR INTEREST THROUGH AND INCLUDING THE DATE ON WHICH IT DISPOSES OF SUCH NOTE OR INTEREST THAT: (a) NONE OF THE ISSUER, THE DEALERS, THE TRUSTEE OR THEIR RESPECTIVE AFFILIATES ("**TRANSACTION PARTIES**") HAS PROVIDED OR WILL PROVIDE ANY INVESTMENT RECOMMENDATION OR INVESTMENT ADVICE TO THE BENEFIT PLAN INVESTOR OR ANY FIDUCIARY OR OTHER PERSON INVESTING ON BEHALF OF THE BENEFIT PLAN INVESTOR, OR WHO OTHERWISE HAS DISCRETION OR CONTROL OVER THE INVESTMENT AND MANAGEMENT OF "PLAN ASSETS" (A "**PLAN FIDUCIARY**"), ON WHICH EITHER THE BENEFIT PLAN INVESTOR OR PLAN FIDUCIARY HAS RELIED IN CONNECTION WITH THE DECISION TO ACQUIRE SUCH NOTE OR AN INTEREST THEREIN; (B) THE TRANSACTION PARTIES ARE NOT OTHERWISE ACTING AS A "FIDUCIARY" WITHIN THE MEANING OF SECTION 3(21) OF ERISA OR SECTION 4975(E)(3) OF THE CODE TO THE BENEFIT PLAN INVESTOR OR PLAN FIDUCIARY IN CONNECTION WITH THE BENEFIT PLAN INVESTOR'S ACQUISITION OF SUCH NOTE OR AN INTEREST THEREIN; AND (C) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGEMENT IN EVALUATING THE TRANSACTION.

THE ISSUER MAY COMPEL EACH BENEFICIAL HOLDER HEREOF TO CERTIFY PERIODICALLY THAT SUCH OWNER IS A QIB.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).";

(xv) that the Notes in registered form which are registered in the name of a nominee of DTC will bear an additional legend to the following effect unless otherwise agreed to by the Issuer:

"UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("**DTC**"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY REGISTERED NOTE ISSUED IN EXCHANGE FOR THIS GLOBAL NOTE OR ANY PORTION HEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORISED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

[3] Include if the Notes are treated as "equity" for U.S. federal income tax purposes.

THIS GLOBAL SECURITY MAY NOT BE EXCHANGED, IN WHOLE OR IN PART, FOR A SECURITY REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY TRUST COMPANY OR A NOMINEE THEREOF EXCEPT IN THE LIMITED CIRCUMSTANCES SET FORTH IN THIS GLOBAL SECURITY, AND MAY NOT BE TRANSFERRED, IN WHOLE OR IN PART, EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THIS LEGEND. BENEFICIAL INTERESTS IN THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH THIS LEGEND.";

(xvi) if it holds an interest in an Unrestricted Global Certificate, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes of the Tranche of which it forms part), it will do so only: (a)(i) outside the United States in compliance with Rule 903 or 904 under Regulation S of the Securities Act; or (ii) to a QIB in compliance with Rule 144A; and (b) in accordance with all applicable U.S. state securities laws; and it acknowledges that the Unrestricted Global Certificates will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART."; and

(xvii) that the Issuer, each Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

The Bearer Notes will bear a legend to the following effect:

"UPON ANY TENDER OF THE ENCLOSED BEARER NOTE TO THE ISSUER OR ITS AGENT FOR PAYMENT, THE ISSUER SHALL REQUIRE A CERTIFICATE REPRESENTING THAT THE BEARER EITHER: (A) WAS NOT AT THE TIME OF ACQUISITION OF THE BEARER NOTE, A U.S. RESIDENT BENEFICIAL OWNER; OR (B) IS, OR WAS AT THE TIME OF ACQUISITION OF THE BEARER NOTE, A U.S. BENEFICIAL OWNER WHO PURCHASED THE NOTES DIRECTLY FROM THE ISSUER WHILE RESIDENT ABROAD, OR IN A *BONA FIDE* SECONDARY MARKET TRANSACTION NOT INVOLVING THE ISSUER, ITS AGENTS, AFFILIATES, OR INTERMEDIARIES."

**Selling Restrictions**

***Dubai International Financial Centre***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to any person in the DIFC unless such offer is:

(i) an "Exempt Offer" in accordance with the Markets Rules (MKT Module) of the rulebook of the DFSA (the "**DFSA Rulebook**"); and

(ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA Rulebook.

***Japan***

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other relevant laws, regulations and ministerial guidelines of Japan.

***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:

(i) 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);

(ii) 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

(iii) 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).

***Kingdom of Saudi Arabia***

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public market 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 Capital Market Authority resolution number 3-123-2017 dated 27 December 2017, as amended by the Board of 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 ("**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 licensed by the CMA and: (i) the Notes are offered or sold to a Sophisticated Investor (as defined in Article 9 of the KSA Regulations); (ii) 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 (iii) the offer or sale is otherwise in compliance with Article 15 of the KSA Regulations.

### *Malaysia*

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) this Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia ("**CMSA**"); and

(ii) accordingly, any Notes have not been and will not be offered, sold or delivered by it, and no invitation to subscribe for or purchase the Notes has been or will be made, directly or indirectly, by it nor may any document or other material in connection therewith be distributed by it in Malaysia, other than to persons falling within any one of the categories of persons specified under Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3) of the CMSA, read together with Schedule 9 or Section 257(3) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Notes. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of the Notes as aforesaid without the necessary approvals being in place.

### *Republic of Italy*

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and accordingly, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to any Note be distributed in the Republic of Italy, except in accordance with any Italian securities, tax and other applicable laws and regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) the offering of the Notes has not been, and will not be, registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

  (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended (the "**Financial Services Act**") and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("**Regulation No. 11971**"); or

  (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971; and

(ii) any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy under paragraph (i)(a) or paragraph (i)(b) above must be:

  (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, Consob Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**");

  (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time; and

  (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

***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 and agreed that, and each further Dealer appointed under the Programme will be required to represent 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) (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 (as defined in 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: (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; (4) as specified in Section 276(7) of the SFA; or (5) 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 applicable Final Terms (or Pricing Supplement, as applicable), 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).

***State of Qatar (including the Qatar 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, sold or delivered, and will not offer, sell or deliver at any time, directly or indirectly, any Notes in the State of Qatar (including the Qatar Financial Centre), except: (i) in compliance with all applicable laws and regulations of the State of Qatar (including the Qatar Financial Centre); and (ii) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar (including the Qatar Financial Centre).

This Base Prospectus: (a) has not been, and will not be, registered with or approved by the Qatar Central Bank, the Qatar Financial Centre Regulatory Authority, the Qatar Financial Markets Authority or the Qatar Stock Exchange and may not be publicly distributed in Qatar (including the Qatar Financial Centre); (b) is intended for the original recipient only and must not be provided to any other person; and (c) is not for general circulation in the State of Qatar (including the Qatar Financial Centre) and may not be reproduced or used for any other purpose.

***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 have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

***United Kingdom***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) in relation to any Notes which have a maturity of less than one year:

(a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

(b) it has not offered or sold and will not offer or sell any Notes other than to persons:

(1) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses; or

(2) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

(c) where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

***Prohibition of Sales to EEA Retail Investors***

Unless the Final Terms (or Pricing Supplement, as applicable) in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", 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, 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 this Base Prospectus as completed by the Final Terms (or are the subject of the offering contemplated by a Pricing Supplement, as the case may be) in relation thereto to any retail investor in the EEA. For the purposes of this provision, 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 Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

***United States***

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, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or, in the case of Bearer Notes, deliver such Notes: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons other than in offshore transactions pursuant to Regulation S or pursuant to Rule 144A, and such Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period 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. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any Notes comprising any Tranche, an offer or sale of such Notes within the United States by any dealer whether or not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or an available exemption from registration under the Securities Act.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. Dealers may also arrange for the resale of Registered Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.$200,000 (or the approximate equivalent thereof in any other currency). To the extent that the Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

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

In respect of Bearer Notes where TEFRA D is specified in the applicable Final Terms or Pricing Supplement, as the case may be, the relevant Dealer will be required to represent and agree that:

(i) except to the extent permitted under U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D) (or any substantially identical successor U.S. Treasury Regulations section including, without limitation, substantially identical successor regulations issued in accordance with 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**"): (a) it has not offered or sold, and during the restricted period it will not offer or sell, Bearer Notes to a person who is within the United States or its possessions or to a United States person; and (b) it has not delivered and it will not deliver within the United States or its possessions definitive Bearer Notes that are sold during the restricted period;

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

(iii) if it is a United States person, it is acquiring Bearer Notes for purposes of resale in connection with their original issuance and if it retains Bearer Notes for its own account, it will only do so in accordance with the requirements of U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(6) (or any substantially identical successor U.S. Treasury Regulations section including, without limitation, substantially identical successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010);

(iv) with respect to each affiliate that acquires Bearer Notes from it for the purpose of offering or selling such Notes during the restricted period, it repeats and confirms the representations and agreements contained in paragraph (i) to paragraph (iii) (inclusive) above on such affiliate's behalf; and

(v) it will obtain from any distributor (within the meaning of U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(4)(ii)) (or any substantially identical successor U.S. 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 U.S. Hiring Incentives to Restore Employment Act of 2010) that purchases any Bearer Notes from it pursuant to a written contract with such Dealer (other than a distributor that is one of its affiliates or is another Dealer), for the benefit of the Issuer and each other Dealer, the representations contained in, and such distributor's agreement to comply with, the provisions of paragraph (i) to paragraph (iv) (inclusive) above insofar as they relate to the D Rules, as if such distributor were a Dealer hereunder.

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations promulgated thereunder, including the D Rules.

In respect of Bearer Notes where TEFRA C is specified in the applicable Final Terms or Pricing Supplement, as the case may be, the relevant Dealer will be required to represent and agree that:

1. it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes within the United States or its possessions in connection with the original issuance of the Bearer Notes; and

2. in connection with the original issuance of the Bearer Notes, it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such prospective purchaser is within the United States or its possessions and will not otherwise involve the United States office of such Dealer in the offer and sale of the Bearer Notes.

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and U.S. Treasury Regulations promulgated thereunder, including U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(C) (or any substantially identical successor U.S. 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 U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**C Rules**") and Internal Revenue Service Notice 2012-20.

**General**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will, to the best of its knowledge and belief, comply with all applicable securities laws, regulations and directives in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with such other restrictions as the Issuer and the relevant Dealer(s) shall agree and as shall be set out in the relevant subscription agreement or, as the case may be, in the applicable Final Terms or the Pricing Supplement (as applicable).

## GENERAL INFORMATION

**Authorisation**

The establishment of the Programme was authorised by a resolution of the board of directors of the Issuer dated 30 May 2007. The update of the Programme was authorised by a resolution of the board of directors of the Issuer dated 20 August 2019. The Issuer 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.

**Legal Entity Identifier**

The LEI code of the Issuer is 549300M3U2DNF4QVSS04.

**Listing of the Notes**

It is expected that each Tranche of the Notes (other than Non-PR Notes) which is to be admitted to the Official List and to trading on the Regulated Market will be admitted separately as and when issued, subject only to the issue of a Global Note, a Global Certificate or Notes initially representing the Notes of such Tranche. Application has been made to the FCA for Notes issued under the Programme (other than Non-PR Notes) to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the Regulated Market. The listing of the Programme in respect of such Notes is expected to be granted on or around 2 September 2019.

Non-PR Notes may be issued pursuant to the Programme.

Application has also been made to the DFSA for certain Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the DFSA Official List and to Nasdaq Dubai for such Notes to be admitted to trading on Nasdaq Dubai.

**Validity of this Base Prospectus**

For the avoidance of doubt, the Issuer shall have no obligation to supplement this Base Prospectus after the end of its 12-month validity period.

**Dealers Transacting with the Issuer**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business for which they may receive fees. In particular, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and its affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer and its affiliates routinely hedge their credit exposure to the Issuer and its affiliates consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

**Significant or Material Change**

There has been no significant change in the financial or trading position, or the financial performance, of the Company or the Group since 30 June 2019, other than the new debt issuances specified in "*Overview of the Group – Recent Developments*". There has been no material adverse change in the prospects of the Company or the Group since 31 December 2018.

**Litigation**

Apart from the legal proceedings disclosed on page 155 of this Base Prospectus, there are, and have been, no other governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus a significant effect on the Group's financial position or profitability.

**Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg which are the entities in charge of keeping the records. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms (or Pricing Supplement, as applicable). In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. Acceptance by DTC of such Notes and the CUSIP and/or CINS numbers for each Tranche of such Registered Notes, together with the relevant ISIN and (if applicable) Common Code, will be specified in the applicable Final Terms (or Pricing Supplement, as applicable).

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

**Conditions for Determining Price**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

**Independent Auditors**

The consolidated financial statements of DP World PLC and its subsidiaries as at and for the year ended 31 December 2018 and as at and for the year ended 31 December 2017 included in this Base Prospectus have been audited by KPMG, independent auditors, as stated in their reports appearing herein.

With respect to the unaudited condensed consolidated financial information for the periods ended 30 June 2019 included herein, the independent auditors have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included herein states that they did not audit, and they do not express an opinion on, that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

KPMG is an institution authorised by the DIFC to conduct independent audits of corporations registered in DIFC. KPMG is a member of the KPMG network of independent member firms affiliated with KPMG International Cooperative. The registered office address of KPMG is P.O. Box 3800, Level 8, Liberty House, Dubai International Financial Centre, Dubai, United Arab Emirates.

KPMG is regulated in the UAE by the UAE Ministry of Economy which has issued KPMG with a license to practise as auditors. There is no professional institute of auditors in the UAE and, accordingly, KPMG is not a member of a professional body in the UAE. All of KPMG's audit professionals and partners are members of the institutes from where they received their professional qualification.

**Documents Available for Inspection**

For the period of 12 months following the date of this Base Prospectus, copies of the following documents (when published) may be inspected: (i) upon reasonable notice being given, at the registered office of the Issuer and at the specified office of the Issuing and Paying Agent for the time being in London; and (ii) at https://www.dpworld.com/investors:

- the constitutional documents of the Issuer (as the same may be updated from time to time);
- the Trust Deed and the Agency Agreement; and

- the DPW Financial Statements, together with the audit reports prepared in connection therewith.

For the avoidance of doubt, the information contained on the website referred to in this paragraph is not incorporated by reference into, or otherwise included in, this Base Prospectus.

This Base Prospectus will also be available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at https://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html and on the DFSA's website at https://www.dfsa.ae/DFSA-Listing-Authority/Approved-Documents.

**Issuer's Website**

The Issuer's website is www.dpworld.com. Unless specifically incorporated by reference into this Base Prospectus, the information contained on this website is not incorporated by reference into, or otherwise included in, this Base Prospectus.

## INDEX TO FINANCIAL STATEMENTS

# DP World PLC
# and its subsidiaries

## Condensed consolidated interim financial statements

*30 June 2019*

# DP World PLC and its subsidiaries

**Condensed consolidated interim financial statements**
*for the six months ended 30 June 2019*

***Contents***

KPMG

KPMG LLP
Unit No. 819, Liberty House,
DIFC, Dubai, UAE
Tel. +971 (4) 403 0300, Fax +971 (4) 330 1515

## Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Statements

The Shareholders
DP World PLC

### Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of DP World PLC ("the Company") and its subsidiaries (collectively referred to as "the Group") at 30 June 2019, the condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes, comprising significant accounting policies and other explanatory information ("the condensed consolidated interim financial statements").

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2019 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG LLP

Richard Ackland
Registration No.: 1015
Dubai, United Arab Emirates
Date: 22 August 2019

# DP World PLC and its subsidiaries

**Condensed consolidated statement of profit or loss (unaudited)**

| | | **Period ended 30 June 2019** | | | Period ended 30 June 2018 | | |
|---|---|---|---|---|---|---|---|
| | *Note* | **Before separately disclosed items** | **Separately disclosed items (Note 8)** | **Total** | Before separately disclosed items | Separately disclosed items (Note 8) | Total |
| | | **USD'000** | **USD'000** | **USD'000** | USD'000 | USD'000 | USD'000 |
| | | | | | | | |
| Revenue | *6* | **3,463,246** | **-** | **3,463,246** | 2,625,599 | - | 2,625,599 |
| Cost of sales | | **(1,920,386)** | **-** | **(1,920,386)** | (1,411,079) | - | (1,411,079) |
| | | | | | | | |
| **Gross profit** | | **1,542,860** | **-** | **1,542,860** | 1,214,520 | - | 1,214,520 |
| General and administrative expenses | | **(487,076)** | **(12,561)** | **(499,637)** | (364,228) | - | (364,228) |
| Other income | | **17,575** | **-** | **17,575** | 24,701 | - | 24,701 |
| Loss on disposal and change in ownership of business | | **-** | **(55,622)** | **(55,622)** | - | - | - |
| Share of profit/ (loss) from equity-accounted investees (net of tax) | *15* | **86,490** | **-** | **86,490** | 87,853 | (5,744) | 82,109 |
| **Results from operating activities** | | **1,159,849** | **(68,183)** | **1,091,666** | 962,846 | (5,744) | 957,102 |
| | | | | | | | |
| Finance income | | **54,202** | **13,953** | **68,155** | 63,729 | 65,017 | 128,746 |
| Finance costs | | **(372,627)** | **(18,975)** | **(391,602)** | (292,264) | (10,906) | (303,170) |
| **Net finance costs** | | **(318,425)** | **(5,022)** | **(323,447)** | (228,535) | 54,111 | (174,424) |
| | | | | | | | |
| **Profit before tax** | | **841,424** | **(73,205)** | **768,219** | 734,311 | 48,367 | 782,678 |
| Income tax expense | *7* | **(88,016)** | **-** | **(88,016)** | (105,722) | - | (105,722) |
| | | | | | | | |
| **Profit for the period** | | **753,408** | **(73,205)** | **680,203** | 628,589 | 48,367 | 676,956 |
| | | | | | | | |
| **Profit attributable to:** | | | | | | | |
| Owners of the Company | | **752,619** | **(71,477)** | **681,142** | 593,444 | 48,367 | 641,811 |
| Non-controlling interests | | **789** | **(1,728)** | **(939)** | 35,145 | - | 35,145 |
| | | **753,408** | **(73,205)** | **680,203** | 628,589 | 48,367 | 676,956 |
| | | | | | | | |
| **Earnings per share** | | | | | | | |
| Basic earnings per share – US cents | *10* | **90.68** | | **82.07** | 71.50 | | 77.33 |
| Diluted earnings per share – US cents | *10* | **87.81** | | **79.28** | 69.50 | | 69.10 |

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

# DP World PLC and its subsidiaries

**Condensed consolidated statement of other comprehensive income (unaudited)**

| | | | |
|---|---|---|---|
| | | **30 June 2019** | 30 June 2018 |
| | *Note* | **USD'000** | USD'000 |
| | | | |
| **Profit for the period** | | **680,203** | 676,956 |
| | | | |
| **Other comprehensive income** | | | |
| | | | |
| ***Items that are or may be reclassified subsequently to profit or loss:*** | | | |
| Foreign exchange translation differences – foreign operations* | | **(7,738)** | (290,574) |
| Reclassification of foreign currency differences on disposal and change in ownership business | | **38,277** | - |
| Share of other comprehensive income of equity-accounted investees | *15* | **(3,041)** | (641) |
| Cash flow hedges – effective portion of changes in fair value | | **(20,427)** | 7,369 |
| Related tax on changes in fair value of cash flow hedges | | **2,250** | (3,102) |
| | | | |
| ***Items that will never be reclassified to profit or loss:*** | | | |
| Equity instruments at fair value through other comprehensive income – net change in fair value | | **-** | (21,885) |
| Re-measurements of post-employment benefit obligations | | **(4,478)** | 21,099 |
| Related tax | | **956** | (2,984) |
| | | | |
| **Other comprehensive income for the period, net of tax** | | **5,799** | (290,718) |
| | | | |
| **Total comprehensive income for the period** | | **686,002** | 386,238 |
| | | | |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | **690,145** | 371,320 |
| Non-controlling interests | | **(4,143)** | 14,918 |
| | | | |
| | | **686,002** | 386,238 |

* A significant portion of this includes foreign exchange translation differences arising from the translation of goodwill and purchase price adjustments which are denominated in foreign currencies at the Group level. The translation differences arising on account of translation of the financial statements of foreign operations whose functional currencies are different from that of the Company's presentation currency are also reflected here. There are no differences on translation from functional to presentation currency as the Company's functional currency is pegged to the presentation currency.

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

# DP World PLC and its subsidiaries

**Condensed consolidated statement of financial position (unaudited)**

| | | | |
|---|---|---|---|
| | | **30 June 2019** | 31 December 2018 |
| | *Note* | **USD'000** | USD'000 |
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | *11* | **9,931,531** | 8,960,782 |
| Right-of-use asset | *12* | **1,956,210** | - |
| Investment properties | *13* | **1,678,389** | 1,622,130 |
| Intangible assets and goodwill | *14* | **9,886,485** | 8,833,151 |
| Investment in equity-accounted investees | *15* | **2,067,514** | 2,101,425 |
| Other investments | | **185,163** | 51,078 |
| Accounts receivable and prepayments | | **646,366** | 574,570 |
| **Total non-current assets** | | **26,351,658** | 22,143,136 |
| **Current assets** | | | |
| Inventories | | **134,086** | 115,590 |
| Properties held for development and sale | *16* | **263,343** | 261,724 |
| Accounts receivable and prepayments | | **1,566,183** | 1,378,179 |
| Cash and cash equivalents | *17* | **2,049,806** | 2,614,710 |
| **Total current assets** | | **4,013,418** | 4,370,203 |
| **Total assets** | | **30,365,076** | 26,513,339 |
| **Equity** | | | |
| Share capital | *20* | **1,660,000** | 1,660,000 |
| Share premium | *20* | **2,472,655** | 2,472,655 |
| Shareholders' reserve | | **2,000,000** | 2,000,000 |
| Retained earnings | | **7,639,914** | 7,712,784 |
| Translation reserve | | **(1,945,787)** | (1,976,051) |
| Other reserves | *21* | **(579,451)** | (558,190) |
| **Total equity attributable to equity holders of the Company** | | **11,247,331** | 11,311,198 |
| **Non-controlling interests** | | **880,759** | 687,720 |
| **Total equity** | | **12,128,090** | 11,998,918 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Interest bearing loans and borrowings | *22* | **12,363,645** | 10,065,388 |
| Loans from non-controlling shareholders | *23* | **487,981** | 132,236 |
| Accounts payable and accruals | | **355,913** | 345,467 |
| Deferred tax liabilities | | **947,118** | 886,173 |
| Employees' end of service benefits | | **168,297** | 159,233 |
| Pension and post-employment benefits | | **162,172** | 157,082 |
| **Total non-current liabilities** | | **14,485,126** | 11,745,579 |
| **Current liabilities** | | | |
| Interest bearing loans and borrowings | *22* | **1,130,179** | 354,375 |
| Loans from non-controlling shareholders | *23* | **1,000** | 1,000 |
| Accounts payable and accruals | | **2,476,898** | 2,305,727 |
| Income tax liabilities | | **68,621** | 100,674 |
| Pension and post-employment benefits | | **75,162** | 7,066 |
| **Total current liabilities** | | **3,751,860** | 2,768,842 |
| **Total liabilities** | | **18,236,986** | 14,514,421 |
| | | | |
| **Total equity and liabilities** | | **30,365,076** | 26,513,339 |

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

*The condensed consolidated interim financial statements were authorised for issue on 22 August 2019.*

Sultan Ahmed Bin Sulayem
Chairman and Chief Executive Officer

Yuvraj Narayan
Group Chief Financial Officer

# DP World PLC and its subsidiaries

**Condensed consolidated statement of changes in equity (unaudited)**

| | Attributable to equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Share capital and premium** | **Shareholders' reserve** | **Retained earnings** | **Translation reserve** | **Other reserves** | **Total** | **Non-controlling interests** | **Total equity** |
| | **USD'000** | **USD'000** | **USD'000** | **USD'000** | **USD'000** | **USD'000** | **USD'000** | **USD'000** |
| Balance as at 1 January 2018 | 4,132,655 | 2,000,000 | 6,759,367 | (1,503,980) | (573,881) | 10,814,161 | 811,201 | 11,625,362 |
| Profit for the period | - | - | 641,811 | - | - | 641,811 | 35,145 | 676,956 |
| Other comprehensive income, net of tax | - | - | | (270,989) | 498 | (270,491) | (20,227) | (290,718) |
| Transactions with owners, recognised directly in equity | | | | | | | | |
| Dividends paid (refer to note 9) | - | - | (340,300) | - | - | (340,300) | - | (340,300) |
| Transactions with non-controlling interests, recognised directly in equity | | | | | | | | |
| Contributions by non-controlling interests | - | - | - | - | - | - | 110,625 | 110,625 |
| Non-controlling interests created on acquisition of subsidiaries | - | - | - | - | - | - | 19,464 | 19,464 |
| Dividends paid | - | - | - | - | - | - | (25,125) | (25,125) |
| Non-controlling interests derecognised on deconsolidation of subsidiaries | - | - | - | - | - | - | (266,593) | (266,593) |
| Balance as at 30 June 2018 | 4,132,655 | 2,000,000 | 7,060,878 | (1,774,969) | (573,383) | 10,845,181 | 664,490 | 11,509,671 |
| **Balance as at 1 January 2019** | **4,132,655** | **2,000,000** | **7,712,784** | **(1,976,051)** | **(558,190)** | **11,311,198** | **687,720** | **11,998,918** |
| Adjustment on initial application of IFRS 16 (net of tax) | - | - | **(396,652)** | - | - | **(396,652)** | **(16,399)** | **(413,051)** |
| **Adjusted balance as at 1 January 2019** | **4,132,655** | **2,000,000** | **7,316,132** | **(1,976,051)** | **(558,190)** | **10,914,546** | **671,321** | **11,585,867** |
| Profit for the period | - | - | **681,142** | - | - | **681,142** | **(939)** | **680,203** |
| Other comprehensive income, net of tax | - | - | - | **30,264** | **(21,261)** | **9,003** | **(3,204)** | **5,799** |
| **Transactions with owners, recognised directly in equity** | - | - | - | - | - | - | - | - |
| Dividends paid (refer to note 9) | - | - | **(356,900)** | - | - | **(356,900)** | - | **(356,900)** |
| Change in ownership of subsidiaries without loss of control (refer to note 27) | - | - | **(460)** | - | - | **(460)** | **227,993** | **227,533** |
| **Transactions with non-controlling interests, recognised directly in equity** | | | | | | | | |
| Non-controlling interests created on acquisition of subsidiaries (refer to note 27) | - | - | - | - | - | - | **3,469** | **3,469** |
| Dividends paid | - | - | - | - | - | - | **(17,881)** | **(17,881)** |
| **Balance as at 30 June 2019** | **4,132,655** | **2,000,000** | **7,639,914** | **(1,945,787)** | **(579,451)** | **11,247,331** | **880,759** | **12,128,090** |

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

# DP World PLC and its subsidiaries

**Condensed consolidated statement of cash flows (unaudited)**

| | Note | **30 June 2019 USD'000** | 30 June 2018 USD'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Gross cash flows from operations | *17* | **1,518,733** | 1,234,198 |
| Changes in: | | | |
| Inventories | | **(14,339)** | (5,070) |
| Accounts receivable and prepayments | | **(370,411)** | (66,858) |
| Accounts payable and accruals | | **(10,737)** | (174,911) |
| Properties held for development and sale | | **(1,619)** | (6,791) |
| Provisions, pensions and post-employment benefits | | **51,240** | (1,370) |
| | | | |
| **Cash generated from operating activities** | | **1,172,867** | 979,198 |
| Income taxes paid | | **(127,267)** | (109,246) |
| | | | |
| **Net cash from operating activities** | | **1,045,600** | 869,952 |
| | | | |
| **Cash flows from investing activities** | | | |
| Additions to property, plant and equipment | *11* | **(556,284)** | (420,948) |
| Additions to investment properties | *13* | **(75,484)** | (14,299) |
| Additions to port concession rights | *14* | **(3,942)** | (3,518) |
| Additions to other investments | | **(52,500)** | (15,000) |
| Proceeds from other investments | | **13,495** | - |
| Proceeds from disposal of property, plant and equipment and port concession rights | | **15,006** | 17,992 |
| Proceeds from disposal of stake in equity-accounted investee | | **41,337** | - |
| Proceeds from disposal of stake in a subsidiary without change in control | | **227,533** | - |
| Net cash paid on acquisition of subsidiaries | | **(646,026)** | (569,034) |
| Cash outflow on deconsolidation of a subsidiary | | **-** | (112,500) |
| Interest received | | **34,210** | 23,730 |
| Dividend received from equity-accounted investees | *15* | **37,481** | 89,229 |
| Net loans given to equity-accounted investees | | **-** | (3,407) |
| | | | |
| **Net cash used in investing activities** | | **(965,174)** | (1,007,755) |
| | | | |
| **Cash flows from financing activities** | | | |
| Repayment of interest bearing loans and borrowings | *22* | **(174,708)** | (295,392) |
| Redemption of sukuk | *22* | **(232,014)** | - |
| Drawdown of interest bearing loans and borrowings | *22* | **389,770** | 975,489 |
| Interest paid | | **(249,032)** | (235,762) |
| Dividend paid to the owners of the Company | *9* | **(356,900)** | (340,300) |
| Contribution from non-controlling interests | | **-** | 110,625 |
| Dividend paid to non-controlling interests | | **(17,881)** | (25,125) |
| | | | |
| **Net cash (used in)/ from financing activities** | | **(640,765)** | 189,535 |
| | | | |
| **Net (decrease)/ increase in cash and cash equivalents** | | **(560,339)** | 51,732 |
| | | | |
| Cash and cash equivalents as at 1 January | | **2,614,710** | 1,483,679 |
| Effect of exchange rate fluctuations on cash held | | **(4,565)** | (23,248) |
| | | | |
| **Cash and cash equivalents as at 30 June** | *17* | **2,049,806** | 1,512,163 |

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

## 1. Corporate information

DP World PLC ("the Company") was incorporated on 9 August 2006 as a Company Limited by Shares with the Registrar of Companies of the Dubai International Financial Centre ("DIFC") under the Companies Law, DIFC Law No. 3 of 2006. These financial statements comprise the Company and its subsidiaries (collectively referred to as "the Group") and the Group's interests in equity-accounted investees. The Group is engaged in the business of development and management of international marine and inland terminal operations, maritime services, maritime transport, industrial parks, economic zones, logistics, associated land development and ancillary services to technology-driven trade solutions.

Port & Free Zone World FZE ("the Parent Company"), which originally held 100% of the Company's issued and outstanding share capital, made an initial public offering of 19.55% of its share capital to the public and the Company was listed on the Nasdaq Dubai with effect from 26 November 2007. The Company was further admitted to trade on the London Stock Exchange with effect from 1 June 2011 and voluntarily delisted from the London Stock Exchange on 21 January 2015.

Port & Free Zone World FZE is a wholly owned subsidiary of Dubai World Corporation ("the Ultimate Parent Company").

The Company's registered office address is P.O. Box 17000, Dubai, United Arab Emirates.

## 2. Basis for preparation of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. These condensed consolidated interim financial statements do not include all of the information required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2018.

The condensed consolidated interim financial statements were approved by the Board of Directors on 22 August 2019.

## 3. Changes in significant accounting policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2018.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

The Group has adopted *IFRS 16 Leases* from its effective date 1 January 2019.

## 3. Changes in significant accounting policies (continued)

### *IFRS 16 Leases*

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains same as earlier.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated. The details of the changes in accounting policies are disclosed below.

**(a) Definition of lease**

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

**(b) Group as a lessee**

The Group leases mainly include concession rights to operate port terminals and related properties.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for all leases – i.e. these leases are on-balance sheet.

The Group presents right-of-use assets separately on its statement of financial position and includes related lease liabilities under interest bearing loans and borrowings.

## 3. Changes in significant accounting policies (continued)

***IFRS 16 Leases (continued)***

**(b) Group as a lessee (continued)**

***i. Significant accounting policies***

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated amortisation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

***ii. Transition***

Previously, the Group classified concession agreements as operating leases under IAS 17. These leases typically run for a period of 25 - 99 years. Some leases include an option to renew the lease for an additional period after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group also used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

## 3. Changes in significant accounting policies (continued)

***IFRS 16 Leases (continued)***

**(c) Group as a lessor**

The Group leases out its investment property. The Group has classified these leases as operating leases.

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it is a lessor.

**(d) Transition impacts on financial statements**

***i. Impacts on transition***

On transition to IFRS 16, the Group recognised additional right-of-use assets, including investment property and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

| | 1 January 2019<br>USD'000 |
|---|---|
| Right-of -use asset | 1,527,761 |
| Deferred tax asset/ current tax | 22,293 |
| Retained earnings | 396,652 |
| Non-controlling interests | 16,399 |
| Investment in equity-accounted investees | (47,574) |
| Lease liabilities | (1,915,531) |

For measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019 which were in the range of 4% per annum to 12% per annum.

| | 1 January 2019<br>USD'000 |
|---|---|
| Operating lease commitments at 31 December 2018 | 7,816,542 |
| Discounted using the lessee's incremental borrowing rate at 1 January 2019 | 1,915,531 |
| Add: finance lease liabilities recognised as at 31 December 2018 | 23,207 |
| Total lease liability recognised as at 1 January 2019 | 1,938,738 |

***ii. Impacts for the interim period***

Due to application of IFRS 16, the Group has recognised amortisation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognised USD 60,357 thousand of amortisation charge and USD 66,740 thousand of interest costs from these leases.

## 4. Use of estimates and judgements

The preparation of the condensed consolidated interim financial statements, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2018, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 16 which are described in Note 3.

## 5. Segment information

The Group has identified the following geographic areas as its basis of segmentation. The Group measures segment performance based on the earnings before separately disclosed items, interest, tax, depreciation and amortisation ("Adjusted EBITDA").

- Asia Pacific and Indian subcontinent
- Australia and Americas
- Middle East, Europe and Africa

Each of these operating segments have an individual appointed as Segment Director responsible for these segments, who in turn reports to the Chief Operating Decision Maker. In addition to the above reportable segments, the Group reports unallocated head office costs, finance costs, finance income and tax expense under the head office segment.

The Group measures segment performance based on Adjusted EBITDA.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, investment properties, and port concession rights other than goodwill.

Information regarding the results of each reportable segment is included below.

# DP World PLC and its subsidiaries

Notes to the condensed consolidated interim financial statements *(continued)*

## 5. Segment information (continued)

The following table presents certain results, assets and liabilities information regarding the Group's segments as at the reporting date:

| | Asia Pacific and Indian subcontinent | | Australia and Americas | | Middle East, Europe and Africa | | Head office | | Inter-segment | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **30 June 2019** | 30 June 2018 | **30 June 2019** | 30 June 2018 | **30 June 2019** | 30 June 2018 | **30 June 2019** | 30 June 2018 | **30 June 2019** | 30 June 2018 | **30 June 2019** | 30 June 2018 |
| | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 |
| Revenue | **326,019** | 269,958 | **628,938** | 430,467 | **2,508,289** | 1,925,174 | **-** | - | **-** | - | **3,463,246** | 2,625,599 |
| Adjusted EBITDA | **183,367** | 226,884 | **188,178** | 166,444 | **1,362,316** | 998,270 | **(122,586)** | (70,083) | **-** | - | **1,611,275** | 1,321,515 |
| Finance income | **-** | - | **-** | - | **-** | - | **54,202** | 63,729 | **-** | - | **54,202** | 63,729 |
| Finance costs | **-** | - | **-** | - | **-** | - | **(372,627)** | (292,264) | **-** | - | **(372,627)** | (292,264) |
| Tax expense | **-** | - | **-** | - | **-** | - | **(88,016)** | (105,722) | **-** | - | **(88,016)** | (105,722) |
| Depreciation and amortisation | **(46,782)** | (45,303) | **(95,681)** | (57,841) | **(304,494)** | (250,535) | **(4,469)** | (4,990) | **-** | - | **(451,426)** | (358,669) |
| Adjusted net profit/ (loss) for the period before separately disclosed items | **136,585** | 181,581 | **92,497** | 108,603 | **1,057,822** | 747,735 | **(533,496)** | (409,330) | **-** | - | **753,408** | 628,589 |
| Adjusted for separately disclosed items | **(31,112)** | - | **(31,072)** | - | **(6,000)** | (5,744) | **(5,021)** | 54,111 | **-** | - | **(73,205)** | 48,367 |
| Profit/ (loss) for the period | **105,473** | 181,581 | **61,425** | 108,603 | **1,051,822** | 741,991 | **(538,517)** | (355,219) | **-** | - | **680,203** | 676,956 |

The balances pertaining to 31 December 2018 for Asia Pacific and Indian subcontinent segment has been restated due to internal restructuring and accordingly a subsidiary has moved from Asia Pacific and Indian subcontinent segment to Middle East, Europe and Africa segment during the period. However, this does not have an impact on the previously reported net assets, total equity, and the profit or loss and other comprehensive income.

Net finance cost and tax expense from various geographical locations and head office have been grouped under head office.

# DP World PLC and its subsidiaries

Notes to the condensed consolidated interim financial statements *(continued)*

## 5. Segment information (continued)

| | Asia Pacific and Indian subcontinent | | Australia and Americas | | Middle East, Europe and Africa | | Head office | | Inter-segment | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **30 June 2019** | 31 December 2018 | **30 June 2019** | 31 December 2018 | **30 June 2019** | 31 December 2018 | **30 June 2019** | 31 December 2018 | **30 June 2019** | 31 December 2018 | **30 June 2019** | 31 December 2018 |
| | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 |
| | | | | | | | | | | | | |
| Segment assets | **4,250,182** | 4,306,520 | **5,813,922** | 2,935,015 | **22,109,113** | 19,485,462 | **13,846,605** | 14,063,935 | **(15,654,746)** | (14,277,593) | **30,365,076** | 26,513,339 |
| Segment liabilities | **467,323** | 436,646 | **2,478,827** | 725,366 | **8,469,447** | 6,424,168 | **12,077,692** | 11,345,791 | **(6,272,042)** | (5,404,397) | **17,221,247** | 13,527,574 |
| Tax liabilities * | **-** | - | **-** | - | **-** | - | **1,015,739** | 986,847 | **-** | - | **1,015,739** | 986,847 |
| Total liabilities | **467,323** | 436,646 | **2,478,827** | 725,366 | **8,469,447** | 6,424,168 | **13,093,431** | 12,332,638 | **(6,272,042)** | (5,404,397) | **18,236,986** | 14,514,421 |
| | | | | | | | | | | | | |
| | **30 June 2019** | 30 June 2018 | **30 June 2019** | 30 June 2018 | **30 June 2019** | 30 June 2018 | **30 June 2019** | 30 June 2018 | **30 June 2019** | 30 June 2018 | **30 June 2019** | 30 June 2018 |
| | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 |
| | | | | | | | | | | | | |
| Capital expenditure | **20,145** | 23,318 | **216,613** | 108,193 | **373,623** | 276,124 | **25,329** | 31,130 | **-** | - | **635,710** | 438,765 |
| Depreciation | **23,066** | 21,568 | **61,117** | 42,852 | **197,580** | 188,763 | **4,380** | 4,990 | **-** | - | **286,143** | 258,173 |
| Amortisation and impairment | **23,716** | 30,638 | **34,564** | 14,989 | **113,914** | 54,869 | **89** | - | **-** | - | **172,283** | 100,496 |
| Share of profit of equity-accounted investees before separately disclosed items | **67,422** | 64,849 | **9,865** | 3,617 | **9,203** | 19,387 | **-** | - | **-** | - | **86,490** | 87,853 |
| Tax expense * | **-** | - | **-** | - | **-** | - | **88,016** | 105,722 | **-** | - | **88,016** | 105,722 |
| | | | | | | | | | | | | |
| *Revenue consists of:* | | | | | | | | | | | | |
| Revenue from ports and terminals | **251,401** | 256,224 | **508,861** | 384,122 | **1,560,876** | 1,299,803 | **-** | - | **-** | - | **2,321,138** | 1,940,149 |
| Drydocking, maritime and logistics services | **74,618** | 13,734 | **120,077** | 46,345 | **656,086** | 333,416 | **-** | - | **-** | - | **850,781** | 393,495 |
| Lease rentals and services from economic zones | **-** | - | **-** | - | **291,327** | 291,955 | **-** | - | **-** | - | **291,327** | 291,955 |
| Total revenue | **326,019** | 269,958 | **628,938** | 430,467 | **2,508,289** | 1,925,174 | **-** | - | **-** | - | **3,463,246** | 2,625,599 |

*Tax liabilities and tax expenses from various geographical locations have been grouped under head office.

## 6. Revenue

| | **Six months ended 30 June 2019** | Six months ended 30 June 2018 |
|---|---|---|
| | **USD'000** | USD'000 |
| *Revenue consists of:* | | |
| Revenue from ports and terminals * | **2,321,138** | 1,940,149 |
| Drydocking, maritime and logistics services | **850,781** | 393,495 |
| Lease rentals and services from economic zones | **291,327** | 291,955 |
| | | |
| **Total** | **3,463,246** | 2,625,599 |

* This includes sale of plot of land to Emaar Development PJSC ("Emaar") for a development project in Port Rashid in Dubai. Emaar will utilise this land for developing the Mina Rashid area and the Group will receive USD 450,000 thousand between the fourth and ninth year after commencement of operations in six equal instalments of USD 75,000 thousand. The transaction was completed in June 2019 with the transfer of control of land to Emaar and accordingly the Group has recorded a revenue of USD 300,829 thousand (at discounted value of the deferred sales consideration).

## 7. Income tax

The Group's effective tax rate is as below:

| | **Six months ended 30 June 2019** | Six months ended 30 June 2018 |
|---|---|---|
| | | |
| Before separately disclosed items | **13.32%** | 16.89% |
| Including separately disclosed items | **13.60%** | 15.88% |
| | | |

## 8. Separately disclosed items

| | **Six months ended 30 June 2019** | Six months ended 30 June 2018 |
|---|---|---|
| | **USD'000** | USD'000 |
| **General and administrative expenses** | | |
| Acquisition costs | **(5,561)** | - |
| Impairment of asset | **(7,000)** | - |
| **Share of loss from equity-accounted investees** | **-** | (5,744) |
| **Loss on disposal and change in ownership of business** | **(55,622)** | - |
| **Finance income** | | |
| Change in fair value of convertible bond option | **13,953** | 62,733 |
| Ineffective interest rate swap gain | **-** | 2,284 |
| **Finance costs** | | |
| Interest accretion on convertible bond | **(11,424)** | (10,906) |
| Ineffective interest rate swap loss | **(7,551)** | - |
| **Total** | **(73,205)** | 48,367 |

## 8. Separately disclosed items (continued)

**General and administrative expenses** represent advisory, legal, valuation, professional consulting, general and administrative costs directly related to various business acquisitions in the Group and impairment of an asset in the 'Middle East, Europe and Africa' region.

**Share of loss from equity-accounted investees** in 2018 related to the transaction costs written off in an equity-accounted investee in the 'Middle East, Europe and Africa' region due to extinguishment of debt.

**Loss on disposal and change in ownership of business** relates to the loss on disposal of equity-accounted investees in the 'Asia Pacific and Indian subcontinent' region and the loss on re-measurement to fair value of the existing stake resulting from the acquisition of a controlling stake in an equity-accounted investee in the 'Australia and Americas' region.

**Change in fair value of convertible bond option** relates to the movement in fair value of the embedded derivative liability of the convertible bonds.

**Interest accretion on convertible bond** represents the accretion of the liability component as at the reporting date representing an amount that will be payable on redemption of the convertible bond.

**Ineffective interest rate swap** relates to ineffective element of derivatives in subsidiaries in the 'Asia Pacific and Indian subcontinent' region and 'Middle East, Europe and Africa' region.

## 9. Dividend paid

Dividends relating to 2018 amounting to USD 356,900 thousand were paid during the period ended 30 June 2019 (30 June 2018: USD 340,300 thousand).

## 10. Earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

| | **30 June 2019** | **30 June 2019** | 30 June 2018 | 30 June 2018 |
|---|---|---|---|---|
| | **Before separately disclosed items** | **Adjusted for separately disclosed items** | Before separately disclosed items | Adjusted for separately disclosed items |
| | **USD'000** | **USD'000** | USD'000 | USD'000 |
| Profit attributable to the ordinary shareholders of the Company (a) | **752,619** | **681,142** | 593,444 | 641,811 |
| Add/ (deduct): costs/ (income) related to convertible bonds saved as a result of the conversion | **9,488** | **6,959** | 9,428 | (42,399) |
| **Profit attributable to the ordinary shareholders of the Company after conversion (b)** | **762,107** | **688,101** | 602,872 | 599,412 |
| Weighted average number of basic shares outstanding as at 31 December (c) | **830,000** | **830,000** | 830,000 | 830,000 |
| Weighted average numbers of shares due to conversion of convertible bond | **37,930** | **37,930** | 37,476 | 37,476 |
| **Total weighted average number of ordinary shares (diluted) outstanding – (d)** | **867,930** | **867,930** | 867,476 | 867,476 |
| **Basic earnings per share US cents – (a/c)** | **90.68** | **82.07** | 71.50 | 77.33 |
| **Diluted earnings per share US cents – (b/d)** | **87.81** | **79.28** | 69.50 | 69.10 |

## 11. Property, plant and equipment

During the six month period ended 30 June 2019, the Group added property, plant and equipment amounting to USD 556,284 thousand (30 June 2018: USD 420,948 thousand) and acquired through business combination property, plant and equipment of USD 707,149 thousand (30 June 2018: 273,339).

The depreciation on property, plant and equipment during the six month period ended 30 June 2019 amounted to USD 262,915 thousand (30 June 2018: USD 233,882 thousand).

Assets with a net carrying amount of USD 14,515 thousand were disposed by the Group during the six month period ended 30 June 2019 (30 June 2018: USD 18,528 thousand), resulting in a profit on disposal of USD 491 thousand (30 June 2018: loss of USD 536 thousand).

## 12. Right-of-use assets

On 1 January 2019, the adoption of IFRS 16 has resulted in recognition of right-of-use assets amounting to USD 1,527,761 thousand. The Group has also acquired right-of-use assets through business combinations of USD 469,526 thousand.

During the six month period ended 30 June 2019, the Group has incurred an amortisation charge of USD 60,357 thousand (30 June 2018: Nil).

## 13. Investment properties

During the six month period ended 30 June 2019, the Group added investment properties amounting to USD 75,484 thousand (30 June 2018: USD 14,299 thousand). The Group acquired investment properties through business combinations of USD 3,594 thousand (30 June 2018: 408,491).

During the six month period ended 30 June 2019, the Group has incurred a depreciation charge of USD 23,228 thousand (30 June 2018: USD 24,291 thousand).

## 14. Intangible assets and goodwill

***Port concession rights***

During the six month period ended 30 June 2019, the Group acquired port concession rights amounting to USD 3,942 thousand (30 June 2018: USD 3,518 thousand). The Group has also acquired intangible assets which mainly comprises of port concession rights of USD 909,372 thousand from business combinations (30 June 2018: USD 533,215 thousand).

The amortisation of port concession rights during the six month period ended 30 June 2019 amounted to USD 90,344 thousand (30 June 2018: USD 85,915 thousand).

***Goodwill***

During the six month period ended 30 June 2019 the reduction in goodwill represents the impact of foreign currency translation of USD 2,655 thousand (30 June 2018: USD 52,812 thousand).

The Group recognised goodwill through business combinations of USD 273,456 thousand (30 June 2018: Nil).

***Land-use rights***

The amortisation of land-use rights during the six months period ended 30 June 2019 amounted to USD 14,582 thousand (30 June 2018: USD 14,582 thousand).

## 15. Investment in equity-accounted investees

The following table summarises the segment wise financial information for equity-accounted investees, adjusted for fair value adjustments (using income approach model) at acquisition together with the carrying amount of the Group's interest in equity-accounted investees as included in the condensed consolidated interim statement of financial position:

| | **Asia Pacific and Indian subcontinent** | | **Australia and Americas** | | **Middle East, Europe and Africa** | | **Total** | |
|---|---|---|---|---|---|---|---|---|
| | **30 June 2019** | 31 December 2018 | **30 June 2019** | 31 December 2018 | **30 June 2019** | 31 December 2018 | **30 June 2019** | 31 December 2018 |
| | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 |
| | | | | | | | | |
| Cash and cash equivalents | **583,432** | 528,727 | **91,688** | 172,335 | **238,955** | 308,196 | **914,075** | 1,009,258 |
| Other current assets | **355,488** | 283,398 | **80,074** | 142,351 | **269,406** | 256,118 | **704,968** | 681,867 |
| Non-current assets | **5,830,176** | 6,006,312 | **656,855** | 1,798,701 | **3,401,656** | 2,710,080 | **9,888,687** | 10,515,093 |
| **Total assets** | **6,769,096** | 6,818,437 | **828,617** | 2,113,387 | **3,910,017** | 3,274,394 | **11,507,730** | 12,206,218 |
| | | | | | | | | |
| Current financial liabilities | **48,732** | 30,912 | **2,138** | 2,016 | **60,500** | 33,438 | **111,370** | 66,366 |
| Other current liabilities | **432,580** | 469,995 | **49,264** | 191,520 | **312,378** | 316,002 | **794,222** | 977,517 |
| Non-current financial liabilities | **970,384** | 731,162 | **330,499** | 1,485,084 | **1,422,958** | 742,111 | **2,723,841** | 2,958,357 |
| Other non-current liabilities | **461,981** | 571,602 | **36,181** | 43,289 | **389,585** | 400,004 | **887,747** | 1,014,895 |
| **Total liabilities** | **1,913,677** | 1,803,671 | **418,082** | 1,721,909 | **2,185,421** | 1,491,555 | **4,517,180** | 5,017,135 |
| **Net assets (100%)** | **4,855,419** | 5,014,766 | **410,535** | 391,478 | **1,724,596** | 1,782,839 | **6,990,550** | 7,189,083 |
| **Group's share of net assets in equity-accounted investees** | | | | | | | **2,067,514** | 2,101,425 |
| | **30 June 2019** | 30 June 2018 | **30 June 2019** | 30 June 2018 | **30 June 2019** | 30 June 2018 | **30 June 2019** | 30 June 2018 |
| | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 |
| | | | | | | | | |
| Revenue | **698,692** | 734,504 | **103,248** | 310,384 | **421,174** | 436,792 | **1,223,114** | 1,481,680 |
| Depreciation and amortisation | **(134,712)** | (144,550) | **(12,248)** | (34,724) | **(61,279)** | (59,049) | **(208,239)** | (238,323) |
| Other expenses | **(261,658)** | (286,860) | **(43,448)** | (226,319) | **(298,389)** | (308,010) | **(603,495)** | (821,189) |
| Finance costs | **(41,001)** | (34,273) | **(19,639)** | (73,110) | **(35,542)** | (42,823) | **(96,182)** | (150,206) |
| Finance income | **14,937** | 9,092 | **1,390** | 1,299 | **310** | 567 | **16,637** | 10,958 |
| Income tax expense | **(66,486)** | (68,484) | **(1,269)** | 2,927 | **(7,275)** | 1,955 | **(75,030)** | (63,602) |
| **Net profit/ (loss)** | **209,772** | 209,429 | **28,034** | (19,543) | **18,999** | 29,432 | **256,805** | 219,318 |
| **Group's share of profit (before separately disclosed items)** | **67,422** | 64,849 | **9,865** | 3,617 | **9,203** | 19,387 | **86,490** | 87,853 |
| **Dividends received** | | | | | | | **37,481** | 89,229 |
| **Group's share of other comprehensive income** | | | | | | | **(3,041)** | (641) |

## 16. Properties held for development and sale

During the six month period ended 30 June 2019, the Group added assets amounting to USD 1,619 thousand (30 June 2018: USD 6,790 thousand).

## 17. Cash and cash equivalents

| | **30 June 2019** | 31 December 2018 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Cash at banks and in hand | **1,109,383** | 713,083 |
| Short-term deposits | **890,063** | 1,862,758 |
| Deposits under lien | **50,360** | 38,869 |
| **Cash and cash equivalents for consolidated statement of cash flows** | **2,049,806** | 2,614,710 |

Short-term deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit market rates.

The deposits under lien are placed to collateralise some of the borrowings of the Company's subsidiaries. The fair value of cash and cash equivalents approximates to the carrying value due to the short-term maturity of these instruments.

**Cash flow information**

| | | **30 June 2019** | 30 June 2018 |
|---|---|---|---|
| | *Note* | **USD'000** | USD'000 |
| **Cash flows from operating activities** | | | |
| Profit for the period | | **680,203** | 676,956 |
| *Adjustments for:* | | | |
| Depreciation and amortisation | *5* | **451,426** | 358,669 |
| Impairment loss | *8* | **7,000** | - |
| Share of profit from equity-accounted investees (net of tax) | | **(86,490)** | (82,109) |
| Finance costs | | **391,602** | 303,170 |
| (Gain)/ loss on sale of property, plant and equipment and port concession rights | *11* | **(491)** | 536 |
| Loss on disposal and change in ownership of business | *8* | **55,622** | - |
| Finance income | | **(68,155)** | (128,746) |
| Income tax expense | | **88,016** | 105,722 |
| **Gross cash flows from operations** | | **1,518,733** | 1,234,198 |

Notes to the consolidated financial statements *(continued)*

## 18. Related party transactions

Transactions with related parties included in the condensed consolidated interim financial statements are as follows:

| | **Ultimate Parent Company** | **Equity-accounted investees** | **Other related parties** | **30 June 2019 Total** | Ultimate Parent Company | Equity-accounted investees | Other related parties | 30 June 2018 Total |
|---|---|---|---|---|---|---|---|---|
| | **USD'000** | **USD'000** | **USD'000** | **USD'000** | USD'000 | USD'000 | USD'000 | USD'000 |
| ***Expenses charged:*** | | | | | | | | |
| Concession fee* | - | - | **4,113** | **4,113** | - | - | 25,245 | 25,245 |
| Shared services | - | - | **157** | **157** | - | - | 280 | 280 |
| Marine services fee | - | - | **6,316** | **6,316** | | | 6,471 | 6,471 |
| IT services fee | - | - | **2,184** | **2,184** | | | 3,128 | 3,128 |
| Other services | - | - | **1,496** | **1,496** | - | - | 1,387 | 1,387 |
| Finance costs | - | - | **29,054** | **29,054** | 1,238 | - | - | 1,238 |
| | | | | | | | | |
| ***Revenue earned:*** | | | | | | | | |
| Revenue | - | - | **7,151** | **7,151** | - | 22 | 6,870 | 6,892 |
| Management fee income | - | **7,000** | **8,720** | **15,720** | - | 7,839 | 9,497 | 17,336 |
| Finance income | - | **5,869** | - | **5,869** | 1,799 | 15,565 | - | 17,364 |
| | | | | | | | | |

* In the current period, this represents amortisation charge in relation to right-of-use asset pertaining to concession agreement.

## 18. Related party transactions (continued)

The balances with related parties included in the condensed consolidated statement of financial position are as follows:

| | Due from related parties | | Due to related parties | |
|---|---|---|---|---|
| | **30 June 2019** | 30 December 2018 | **30 June 2019** | 30 December 2018 |
| | **USD'000** | USD'000 | **USD'000** | USD'000 |
| | | | | |
| Ultimate Parent Company | **2,396** | 2,383 | **1,509** | 1,605 |
| Parent Company | **-** | - | **5** | 565 |
| Equity-accounted investees | **133,380** | 375,751 | **3,078** | 2,067 |
| Other related parties | **34,920** | 24,872 | **12,923** | 11,663 |
| | **170,696** | 403,006 | **17,515** | 15,900 |

The Group has issued guarantees on behalf of equity-accounted investees which are disclosed in note 26.

**Compensation of key management personnel**

The remuneration of directors and other key members of the management during the period were as follows:

| | **30 June 2019** | 30 June 2018 |
|---|---|---|
| | **USD'000** | USD' 000 |
| | | |
| Short-term benefits and bonus | **12,031** | 12,558 |
| Post-retirement benefits | **218** | 194 |
| | **12,249** | 12,752 |

# DP World PLC and its subsidiaries

Notes to the consolidated financial statements *(continued)*

## 19. Financial instruments

### Fair value versus carrying amount

The fair values of financial assets and liabilities, together with the carrying amounts shown in the condensed consolidated statement of financial position are as follows:

| | Fair value hierarchy | 30 June 2019 Carrying amount USD'000 | 30 June 2019 Fair value USD'000 | 31 December 2018 Carrying amount USD'000 | 31 December 2018 Fair Value USD'000 |
|---|---|---|---|---|---|
| **FVOCI – Equity instrument** | 2 | **19,555** | **19,555** | 48,050 | 48,050 |
| **Financial assets at FVTPL** | | | | | |
| Equity securities | 2 | **165,608** | **165,608** | 3,028 | 3,028 |
| Convertible debt instrument | 2 | - | - | 90,000 | 90,000 |
| Derivative instruments for hedging | 2 | - | - | 8,735 | 8,735 |
| **Financials assets carried at amortised cost** | | | | | |
| Trade and other receivables * | | **1,863,404** | - | 1,637,101 | - |
| Cash and cash equivalents ** | | **2,049,806** | - | 2,614,710 | - |
| **Financial liabilities carried at fair value** | | | | | |
| Derivative instruments for hedging | 2 | **(91,437)** | **(91,437)** | (61,021) | (61,021) |
| Embedded derivative option | 2 | **(119,087)** | **(119,087)** | (133,040) | (133,040) |
| **Financial liabilities carried at amortised cost** | | | | | |
| Issued bonds | 1 | **(6,696,912)** | **(7,596,324)** | (6,937,592) | (7,185,042) |
| Convertible bonds | 2 | **(861,027)** | **(868,614)** | (848,865) | (821,910) |
| Bank loans ** | | **(3,536,778)** | - | (2,610,099) | - |
| Loans from non-controlling shareholders ** | | **(488,981)** | - | (133,236) | - |
| Lease liabilities ** | | **(2,399,107)** | - | (23,207) | - |
| Trade and other payables * | | **(2,199,182)** | - | (1,964,732) | - |

### Fair value hierarchy

The table above analyses assets and liabilities that require or permits fair value measurements or disclosure of fair value measurements.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

* These financial assets and liabilities have short term maturity and thus, the fair values reported approximate carrying values.

** These financial assets and liabilities carry a variable rate of interest and hence, the fair values reported approximate carrying values.

## 19. Financial instruments (continued)

### Fair value hierarchy (continued)

The fair value of the convertible debt instrument approximates its carrying amount.

The fair value of foreign currency forward exchange contracts and interest rate swaps is based on the bank quotes at the reporting dates. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

The embedded derivative option liability of the convertible bond is fair valued at each reporting date based on the Black and Scholes option pricing model adjusted with market assumptions. The fair value of the host liability component in the convertible bond is arrived at after deducting the fair value of the embedded derivative option liability from the stock exchange quoted closing bid price of the convertible bond as at the reporting date.

The fair value for quoted bonds is based on their market price (including unpaid interest) as at the reporting date. Other loans include term loans and finance leases. These are largely at variable interest rates and therefore, the carrying value normally equates to the fair value.

## 20. Share capital and premium

The share capital of the Company comprises 830,000,000 fully paid shares of USD 2.00 each.

Share premium represents surplus received over and above the nominal cost of the shares issued.

## 21. Other reserves

The following is the breakdown of 'Other reserves' and the movements in these reserves during the period:

| | **Actuarial reserve** | **Hedging and other reserves** | **Total** |
|---|---|---|---|
| | **USD'000** | **USD'000** | **USD'000** |
| | | | |
| Balance as at 1 January 2018 | (611,724) | 37,843 | (573,881) |
| Other comprehensive income, net of tax | 18,115 | (17,617) | 498 |
| | | | |
| Balance as at 30 June 2018 | (593,609) | 20,226 | (573,383) |
| | | | |
| Balance as at 1 January 2019 | **(585,662)** | **27,472** | **(558,190)** |
| Other comprehensive income, net of tax | **(3,563)** | **(17,698)** | **(21,261)** |
| | | | |
| Balance as at 30 June 2019 | **(589,225)** | **9,774** | **(579,451)** |

## 22. Interest bearing loans and borrowings

| | 30 June 2019 | 31 December 2018 |
|---|---|---|
| | USD'000 | USD'000 |
| | | |
| Issued bonds | **6,696,912** | 6,937,592 |
| Convertible bonds | **861,027** | 848,865 |
| Bank loans | **3,536,778** | 2,610,099 |
| Lease liabilities | **2,399,107** | 23,207 |
| **Total** | **13,493,824** | 10,419,763 |
| of which: | | |
| Classified as non-current | **12,363,645** | 10,065,388 |
| Classified as current | **1,130,179** | 354,375 |
| | | |
| of which: | | |
| Secured interest bearing loans and borrowings | **2,730,732** | 2,078,666 |
| Unsecured interest bearing loans and borrowings | **10,763,092** | 8,341,097 |
| | | |

The below table provides movement of interest bearing loans and borrowings:

| | 30 June 2019 | 30 June 2018 |
|---|---|---|
| | USD'000 | USD'000 |
| | | |
| Balance at 1 January | **10,419,763** | 7,738,978 |
| | | |
| **Cash flow items** | | |
| Acquired through business combinations | **1,064,156** | 647,204 |
| Additional borrowings | **389,770** | 975,489 |
| Repayment of borrowings | **(174,708)** | (295,392) |
| Redemption of issued bonds (JAFZ Sukuk) | **(232,014)** | - |
| | | |
| **Other non-cash items** | | |
| Initial recognition of IFRS 16 lease liabilities | **1,915,531** | - |
| Interest accretion on convertible bonds (refer to note 8) | **11,424** | 10,906 |
| Interest on lease liabilities | **66,740** | - |
| Transaction cost on convertible bonds amortised | **738** | 678 |
| Fair value changes and transaction cost amortised on convertible bonds | **3,454** | (9,224) |
| Translation adjustments | **28,970** | (92,516) |
| | | |
| **Total** | **13,493,824** | 8,976,123 |
| | | |

## 23. Loans from non-controlling shareholders

| | 2019 | 2019 | 2018 | 2018 |
|---|---|---|---|---|
| | **Non-current** | **Current** | Non-current | Current |
| | **USD'000** | **USD'000** | USD'000 | USD'000 |
| | | | | |
| Loans from non-controlling shareholders | **487,981** | **1,000** | 132,236 | 1,000 |

These loans mainly include USD 470,240 thousand (2018: USD 104,177 thousand) granted by non-controlling shareholders of subsidiaries in the 'Australia and Americas' region. These loans are repayable between 2023 and 2037 at commercial rates.

## 24. Operating leases

**Operating lease commitments – Group as a lessor**

Future minimum rentals receivable under non-cancellable operating leases at the reporting date:

| | 30 June 2019 | 31 December 2018 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Within one year | **364,268** | 361,105 |
| Between one to five years | **839,790** | 854,514 |
| More than five years | **1,070,324** | 1,010,247 |
| | | |
| | **2,274,382** | 2,225,866 |

The above operating leases (Group as a lessor) mainly consist of commercial properties leased consisting of land, office accommodation, warehouses and staff accommodation. Besides these, certain property, plant and equipment are also leased out by the Group. The leases contain renewal options for additional lease periods and at rental rates based on negotiations or prevailing market rates.

## 25. Capital commitments

| | 30 June 2019 | 31 December 2018 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Estimated capital expenditure contracted at the reporting date | **515,243** | 649,201 |

## 26. Contingencies

(a) The Group has the following contingent liabilities at the reporting date:

| | **30 June 2019** | 31 December 2018 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Performance guarantees | **122,476** | 113,872 |
| Payment guarantees | **54,203** | 35,903 |
| Letters of credit | **3,229** | 6,821 |
| Guarantees issued on behalf of equity-accounted investees | **40,303** | 42,762 |

The Group has entered into certain agreements with landlords and port authorities which may contain specific volume or payment commitments that could result in minimum concession/lease fees being payable on failure to meet these targets.

(b) On 22 February 2018, the Government of Djibouti illegally seized physical control of Doraleh Container Terminal S.A ("DCT") from the Group, who designed, built and operated the terminal following a concession awarded in 2006.

The Group commenced arbitration proceedings before the London Court of International Arbitration ("LCIA") to protect its rights, and/ or to secure damages and compensation for breach or expropriation. In its arbitration award dated 31 July 2018, the LCIA confirmed that the 2006 concession agreement remains valid and binding notwithstanding the laws and decrees subsequently adopted by the Government of Djibouti.

In a further arbitral award on 29 March 2019, the LCIA confirmed that Government of Djibouti must pay to DCT an amount of: (a) USD 88 million (plus compound interest at 3 per cent. per annum) for non-payment of royalties for traffic not transferred to DCT once it became operational; (b) USD 385.7 million (plus simple interest at 3 per cent. per annum) for breach of exclusivity by developing container facilities at Doraleh Multipurpose Terminal, with further damages possible if Doraleh International Container Terminals is built by Government of Djibouti; and (c) reimbursement of legal costs incurred by the Group.

As at the reporting date, the Group will continue to pursue all legal means to defend its right as a shareholder.

## 27. Business combinations

***Acquisition of new subsidiaries***

(a) On 28 February 2019, the Group acquired additional 35.25% ownership in DP World Australia (Holding) Pty Ltd ('acquiree'). As a result of this transaction, the Group's equity interest increased from 25% to 60.25%, obtaining control of this entity. The additional 35.25% ownership is acquired by purchasing equity of the acquiree for a nominal value, directly and through a trust and by purchasing loan notes of USD 276,003 thousand from the exiting shareholder's loan.

Taking control of DP World Australia (Holding) Pty Ltd will enable the Group to develop its container terminal operations and ports logistics services across Australia region. The acquisition is also expected to provide reduction in overall operating costs through economies of scale.

The carrying value and fair value of the identifiable assets and liabilities on the date of the acquisition were as follows:

| | **Acquiree's carrying amount** | **Fair value recognised on acquisition** |
|---|---|---|
| | **USD'000** | **USD'000** |
| **Assets** | | |
| Property, plant and equipment | **462,882** | **462,882** |
| Port concession rights | **456,949** | **472,329** |
| Right-of-use asset | **468,468** | **468,468** |
| Investment in equity-accounted investees | **31,167** | **31,167** |
| Inventories | **4,933** | **4,933** |
| Accounts receivables and prepayments | **63,060** | **63,060** |
| Bank balances and cash | **67,806** | **67,806** |
| | | |
| **Liabilities** | | |
| Pension and post-employment benefits | **(68,353)** | **(68,353)** |
| Interest bearing loans and borrowings | **(785,960)** | **(785,960)** |
| Accounts payable and accruals | **(92,886)** | **(92,886)** |
| Deferred tax liabilities | **-** | **(4,614)** |
| | | |
| **Net assets acquired** | **608,066** | **618,832** |
| Less: non-controlling interest recognised on acquisition including shareholder loans | | **(337,845)** |
| Goodwill arising on acquisition | | **207,504** |
| | | |
| **Total purchase consideration including existing and assumed new shareholder loans*** | | **488,491** |
| | | |
| **For cash flow statement:** | | |
| Cash paid for settlement of existing shareholder loans | | **(276,003)** |
| Cash acquired on acquisition | | **67,806** |
| **Net cash paid on acquisition** | | **(208,197)** |

* This also includes fair value of existing loans amounting to USD 212,488 thousand.

## 27. Business combinations (continued)

***Acquisition of new subsidiaries (continued)***

The goodwill is attributable mainly to the skills and technical talent of acquiree's work force, and the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

The remeasurement to fair value of the Group's existing 25% interest in DP World Australia (Holding) Pty Ltd has resulted in a loss of USD 25,510 thousand which includes derecognition of carrying amount of the existing equity-accounted investee at the date of acquisition and recycling of translation reserve to the statement of profit or loss (refer to note 8).

Acquisition related costs of USD 2,511 thousand were expensed and included in general and administrative expenses. The deferred tax liability relates to fair value adjustments on port concession rights.

The Group has elected to measure the non-controlling interest in the acquiree at fair value. The fair value was arrived using income approach model.

## 27. Business combinations (continued)

***Acquisition of new subsidiaries (continued)***

(b) On 5 April 2019, the Group acquired 99.2% stake in Puertos y Logistica S.A. (Pulogsa) in Chile for a purchase consideration of USD 498,898 thousand. Pulgosa is a multipurpose terminal which has long term maritime concessions with freehold land ownership, which handles containers, break-bulk and dry bulk. The port is strategically positioned to benefit from the well-established pulp and lumber industry in Southern Chile, next to the country's second largest city and industrial hub Concepción. This acquisition will allow the Group to serve cargo owners and shipping lines at five key gateways on the west coast of South America in Posorja (Ecuador), Callao and Paita (Peru) and San Antonio and Lirquen (Chile).

The carrying value and fair value of the identifiable assets and liabilities on the date of the acquisition were as follows:

| | Acquiree's carrying amount USD'000 | Fair value recognised on acquisition USD'000 |
|---|---|---|
| **Assets** | | |
| Property, plant and equipment, net | **244,267** | **244,267** |
| Other intangible assets | **221,843** | **221,843** |
| Port concession rights | **-** | **215,200** |
| Investment properties | **3,594** | **3,594** |
| Right-of-use asset | **1,058** | **1,058** |
| Deferred tax asset | **3,804** | **3,804** |
| Accounts receivables and prepayments | **108,434** | **108,434** |
| Inventories | **1,374** | **1,374** |
| Bank balances and cash | **61,069** | **61,069** |
| | | |
| **Liabilities** | | |
| Interest bearing loans and borrowings | **(278,196)** | **(278,196)** |
| Pension and post-employment benefits | **(2,677)** | **(2,677)** |
| Accounts payable and accruals | **(55,514)** | **(55,514)** |
| Deferred tax liabilities | **(29,737)** | **(87,841)** |
| | | |
| **Net assets acquired** | **279,319** | **436,415** |
| Less: non-controlling interest recognised on acquisition | | **(3,469)** |
| Goodwill arising on acquisition | | **65,952** |
| **Total purchase consideration** | | **498,898** |
| | | |
| **For cash flow statement:** | | |
| Cash paid on acquisition | | **(498,898)** |
| Cash acquired on acquisition | | **61,069** |
| **Net cash paid on acquisition** | | **(437,829)** |

The goodwill is attributable mainly to the skills and technical talent of acquiree's work force, and the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

Acquisition related costs of USD 3,050 thousand were expensed and included in general and administrative expenses.

## 27. Business combinations (continued)

***Acquisition of new subsidiaries (continued)***

The deferred tax liability relates to fair value adjustments on port concession rights. The Group has elected to measure the non-controlling interests in the acquiree at the proportionate shares of its interest in the acquiree's identifiable net assets.

On 8 May 2019, Caisse de dépôt et placement du Québec (CDPQ) acquired an effective ownership of 44.64% in Puertos y Logistica S.A. for a consideration of USD 227,993 thousand and as a result Group's effective ownership is reduced to 54.56%.

From the acquisition date, these acquisitions have contributed a combined revenue of USD 158,260 thousand and combined operating profit of USD 32,336 thousand to the Group's results. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue would have increased by USD 84,954 thousand and consolidated operating profit for the period would have increased by USD 20,827 thousand. In determining these amounts, management has assumed that the fair value adjustments, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

## 28. Subsequent events

(a) On 20 February 2019, the Group announced the acquisition of 100% ownership in the holding company of P&O Ferries and P&O Ferrymasters (together P&O Ferries) for a purchase consideration of USD 409 million. P&O Ferries is a pan-European integrated logistics business consisting of: (a) a market leading roll-on roll-off ferries operation; and (b) a European transportation and logistics solutions provider, P&O Ferrymasters. The transaction was completed in July 2019 and the related acquisition accounting is in the process of being completed.

(b) On 9 May 2019, the Group announced the acquisition of Fraser Surrey Docks from Macquarie Infrastructure Partners (MIP). Fraser Surrey Docks is a large, multi-purpose marine terminal located in the greater Vancouver area of British Columbia, Canada. The acquisition will be affected through DP World's Canadian subsidiary, DP World Canada Investment Inc. which is owned 45% by Caisse de dépot et placement du Québec (CDPQ) and is subject to customary completion conditions. The acquisition is expected to close before the end of 2019.

(c) On 23 May 2019, Hindustan Infralog Private Limited (which is a joint venture between the Group and the National Investment and Infrastructure Fund) announced the acquisition of a 76 per cent. stake in KRIBHCO Infrastructure Limited ("KRIL"). KRIL operates three major inland container depots/ private freight terminals at Pali in Haryana (India), Modinagar in Uttar Pradesh (India) and Hazira in Gujarat (India). KRIL also has a strong presence in India's National Capital Region, including a terminal located on a notified double stack route. The transaction is subject to customary completion conditions and is expected to close in the second half of 2019.

(d) On 1 July 2019, the Group announced the acquisition of 100% of Topaz Energy and Marine Limited ("Topaz") from Renaissance Services SAOG and Standard Chartered Private Equity/ Affirma Capital for an enterprise value of USD 1,079 million. Topaz is a leading international provider of critical marine logistics and solutions to the global energy industry. It operates a modern and versatile fleet of 117 vessels, predominantly in the Caspian Sea, MENA and West Africa regions. The transaction is subject to customary completion conditions and regulatory approvals and is expected to close in the second half of 2019.

# DP World PLC
# (formerly DP World Limited)
# and its subsidiaries

Consolidated financial statements
*31 December 2018*

# DP World PLC (formerly DP World Limited) and its subsidiaries

## Consolidated financial statements

*31 December 2018*

***Contents***

## Independent Auditors' Report

To the Shareholders of DP World PLC (formerly DP World Limited)

### Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of DP World PLC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Dubai International Financial Centre ("DIFC"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Key Audit Matters (continued)**

**Impairment assessment of carrying value of goodwill, port concession rights and other intangible assets**

Refer to notes 3 and 16 of the consolidated financial statements.

The Group has significant goodwill, port concession rights and other intangible assets arising from the acquisition of businesses. The Group's annual impairment testing on goodwill, port concession rights and other intangible assets with indefinite useful lives requires the Group to identify Cash Generating Units (CGUs) in accordance with the requirements of IAS 36 – Impairment of Assets. Impairment testing is then performed using free cash flow projections based on three year financial budgets approved by the Board and a further five year future forecasts estimated by the Group's management. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, which forms the basis of the assessment of recoverability, along with the judgemental aspects of the assessment of appropriate CGUs, these are the key areas that our audit concentrated on.

**Our response to address the key audit matter**

Our procedures included:

In respect of the assessment of CGUs: We challenged the identification of CGUs by reference to the Group's operating and management structure, our understanding of the business and requirements of IAS 36 - Impairment of Assets.

In respect of the cash flows: We considered the Group's procedures used to develop the forecasts and the principles and integrity of the Group's discounted cash flow model and re-performed the calculations of the model results to test their mathematical accuracy. To challenge the reasonableness of those cash flow estimates, we assessed the historical accuracy of the Group's forecasting activities and corroborated the forecasts with reference to publicly available information and other evidence that has been made available during the course of the audit. We conducted our own assessments to challenge other key inputs, such as the projected growth rate and terminal value growth rate.

In respect of the discount rates: We compared the Group's assumptions to externally derived data (for example, bond yields and inflation statistics) where appropriate. We used our valuation specialists to assist us in assessing the reasonableness of the significant assumptions used in arriving at the discount rates.

In respect of the sensitivity to key assumptions: We assessed the impact to the calculated recoverable amount of the CGUs by changing discount rates and forecast future cash flows.

We assessed the adequacy of the Group's disclosure in these respects.

**Key Audit Matters (continued)**

**Accounting for business acquisitions**

Refer to notes 3 and 24 of the consolidated financial statements.

During the year, the Group has acquired 100% stake in Drydocks World LLC, Dubai Maritime City LLC, Cosmos Agencia Marítima S.A.C., Unifeeder Group, an effective stake of 58.5% in Continental Warehousing Corporation Ltd and a 51% stake in LBS B.V.

For the acquisitions, in accordance with IFRS 3 – Business Combinations, the accounting involves estimating the fair value of the assets and liabilities at the acquisition date, the identification and valuation of intangible assets and recognition of goodwill. Significant judgement is involved in relation to the assumptions used in the valuation (using discounted future cash flows) and the purchase price allocation process. Due to the inherent uncertainty involved in discounting future cash flows, there is a risk that these assumptions are inappropriate.

Furthermore, an assessment is required to be made as to the classification of an investment as a subsidiary, joint venture or associate based on whether the Group has determined to have control, joint control or significant influence respectively.

**Our response to address the key audit matter**

Our procedures included:

For the acquisitions, we challenged the Group's critical assumptions in relation to the identification and recognition of the assets and liabilities acquired and the associated fair values by involving our valuation specialists to assess the reasonableness of the key assumptions used in the fair value and purchase price allocation process as determined by the Group. We reviewed the resulting adjustments for reasonableness.

We inspected the key terms in the share purchase agreements to assess the control classification of the investments as per IFRS 10 – Consolidated Financial Statements. We agreed the consideration paid by comparing relevant amounts to bank records and considered the appropriateness of costs associated with the purchase.

We assessed the adequacy of the Group's disclosure in these respects.

**Key Audit Matters (continued)**

**Provisions in respect of litigation and claims**

Refer to notes 3 and 25 of the consolidated financial statements.

The Group enters into individually significant contracts which may extend to many years and are often directly or indirectly associated with governments. As a result, the Group is subject to a number of potentially material ongoing litigation actions and claims, therefore, the recognition and measurement of provisions and the measurement and disclosure of contingent liabilities in respect of litigation and claims requires significant judgement and accordingly is a key area of focus in our audit.

**Our response to address the key audit matter**

Our procedures included:

Evaluation of the Group's policies, procedures and controls in relation to litigations, claims and provision assessments.

Furthermore, we obtained written representations from the Group's legal counsel, made independent enquiries and obtained confirmations from external lawyers to understand the legal positions and exposure to the Group.

The outcome of our evaluation was used as a basis to determine the adequacy of the level of provisioning and disclosure in the consolidated financial statements.

**Taxation provisions**

Refer to notes 3 and 8 of the consolidated financial statements.

The Group operates in a number of tax jurisdictions whereby the Group has to estimate the tax effect of applying local legislation which can be complex, uncertain and involve cross border transactions, including transfer pricing arrangements.

Where the precise nature of the tax legislation is unclear, the Group has to make reasonable estimates of the likely tax charge that will arise.

Tax provisions have been estimated by the Group with respect to the tax exposures identified but there is the potential risk that the eventual resolution of a matter with the tax authorities is at an amount materially different to the provision recognised.

**Key Audit Matters (continued)**

**Our response to address the key audit matter**

Our procedures included:

We have considered any large or unusual items affecting the effective tax rate and whether or not any current year items would result in an increased or reduced provision. We have assessed the Group's deferred tax position and ensured that any change in tax rates enacted as at the reporting date have been appropriately considered.

In considering the judgements and estimates of tax provisions, we used our tax specialists to assess the Group's tax positions including assessing correspondence with the relevant tax authorities. We challenged the positions taken by the Group based on our knowledge and experience of the jurisdiction in which the Group operates specifically relating to the adequacy of provisions and disclosure within the consolidated financial statements.

**Pensions**

Refer to notes 3 and 21 of the consolidated financial statements.

The Group operates a number of defined benefit pension schemes. In accordance with IAS 19 – Employee Benefits, the valuation of the pension deficit requires significant levels of judgement and technical expertise in choosing the appropriate assumptions. Changes in a number of the key assumptions including estimated salary increases, inflation, discount rates and mortality assumptions can have a material impact on the calculation of the net pension position. Due to the size of the pension scheme deficit and the judgements inherent in the actuarial assumptions used in the valuation of the pension benefit obligations, we considered this to be an area of focus.

**Our response to address the key audit matter**

Our procedures included:

The Group engages independent external actuaries to assist them in calculating the appropriate pension scheme position. We obtained the actuary's report and, with the assistance of our pension specialists, assessed the discount and inflation rates used in calculating the pension deficit to our internally developed benchmarks, which are based on externally available data to assess whether these assumptions were within our expected range. We compared the mortality assumption to national and industry averages to assess that these were reasonable.

We also compared the assumptions with those used in previous years, to assess whether the methodology used in arriving at the assumptions year on year was consistent.

**Key Audit Matters (continued)**

**Our response to address the key audit matter (continued)**

We agreed the material assets of the scheme to third party confirmations and where applicable, recalculated asset valuations based on the quoted prices.

We assessed the adequacy of the disclosures in this area.

*Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon. The Annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

*Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and their preparation in compliance with the applicable provisions of the Companies Law pursuant to DIFC Law No. 5 of 2018 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)*

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

We further report that the consolidated financial statements comply, in all material respects, with the applicable provisions of the Companies Law pursuant to DIFC Law No. 5 of 2018.

KPMG LLP
Rohit Rajvanshi
Dubai, United Arab Emirates

Date: 14 March 2019

# DP World PLC (formerly DP World Limited) and its subsidiaries

## Consolidated statement of profit or loss

| | | Year ended 31 December 2018 | | | Year ended 31 December 2017 | | |
|---|---|---|---|---|---|---|---|
| | *Note* | **Before separately disclosed items** | **Separately disclosed items (Note 9)** | **Total** | Before separately disclosed items | Separately disclosed items (Note 9) | Total |
| | | **USD'000** | **USD'000** | **USD'000** | USD'000 | USD'000 | USD'000 |
| | | | | | | | |
| **Revenue** | *5* | **5,646,280** | **-** | **5,646,280** | 4,714,733 | 14,053 | 4,728,786 |
| Cost of sales | | **(3,138,749)** | **-** | **(3,138,749)** | (2,359,467) | (14,053) | (2,373,520) |
| **Gross profit** | | **2,507,531** | **-** | **2,507,531** | 2,355,266 | - | 2,355,266 |
| | | | | | | | |
| General and administrative expenses | | **(738,233)** | **(56,264)** | **(794,497)** | (693,878) | (14,699) | (708,577) |
| Other income | | **56,595** | **-** | **56,595** | 51,844 | 3,433 | 55,277 |
| Loss on disposal and change in ownership of business | *9* | **-** | **(3,591)** | **(3,591)** | - | (28,234) | (28,234) |
| Share of profit/ (loss) from equity-accounted investees (net of tax) | *17* | **165,067** | **(9,578)** | **155,489** | 123,592 | 4,172 | 127,764 |
| **Results from operating activities** | | **1,990,960** | **(69,433)** | **1,921,527** | 1,836,824 | (35,328) | 1,801,496 |
| | | | | | | | |
| Finance income | *7* | **141,328** | **127,916** | **269,244** | 95,540 | 550 | 96,090 |
| Finance costs | *7* | **(575,891)** | **(33,656)** | **(609,547)** | (425,410) | (98,100) | (523,510) |
| **Net finance costs** | | **(434,563)** | **94,260** | **(340,303)** | (329,870) | (97,550) | (427,420) |
| | | | | | | | |
| **Profit before tax** | | **1,556,397** | **24,827** | **1,581,224** | 1,506,954 | (132,878) | 1,374,076 |
| Income tax expense | *8* | **(223,607)** | **-** | **(223,607)** | (144,406) | 101,076 | (43,330) |
| | | | | | | | |
| **Profit for the year** | *6* | **1,332,790** | **24,827** | **1,357,617** | 1,362,548 | (31,802) | 1,330,746 |
| | | | | | | | |
| **Profit attributable to:** | | | | | | | |
| Owners of the Company | | **1,270,116** | **26,365** | **1,296,481** | 1,208,517 | (31,802) | 1,176,715 |
| Non-controlling interests | | **62,674** | **(1,538)** | **61,136** | 154,031 | - | 154,031 |
| | | **1,332,790** | **24,827** | **1,357,617** | 1,362,548 | (31,802) | 1,330,746 |
| **Earnings per share** | | | | | | | |
| Basic earnings per share – US cents | *11* | **153.03** | | **156.20** | 145.60 | | 141.77 |
| Diluted earnings per share – US cents | *11* | **148.59** | | **140.63** | 141.58 | | 141.77 |

*The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.*

## Consolidated statement of other comprehensive income

| | | **2018** | 2017 |
|---|---|---|---|
| | *Note* | **USD'000** | USD'000 |
| | | | |
| **Profit for the year** | | **1,357,617** | 1,330,746 |
| | | | |
| **Other comprehensive income (OCI)** | | | |
| | | | |
| ***Items that are or may be reclassified to profit or loss:*** | | | |
| Foreign exchange translation differences – foreign operations* | | **(500,834)** | 616,653 |
| Foreign exchange translation differences recycled to profit or loss due to change in ownership resulting in control | | **-** | 46,949 |
| Available for sale financial assets - net change in fair value | | **-** | (779) |
| Share of other comprehensive income of equity-accounted investees | *17* | **843** | 3,988 |
| Cash flow hedges – effective portion of changes in fair value | | **11,307** | 49,255 |
| Related tax on changes in fair value of cash flow hedges | | **(3,478)** | (6,262) |
| | | | |
| ***Items that will never be reclassified to profit or loss:*** | | | |
| Net change in equity instruments at fair value through OCI | | **(21,885)** | - |
| Re-measurements of post-employment benefit obligations | | **28,959** | 131 |
| Related tax | | **(2,657)** | (1,026) |
| | | | |
| **Other comprehensive income for the year, net of tax** | | **(487,745)** | 708,909 |
| | | | |
| **Total comprehensive income for the year** | | **869,872** | 2,039,655 |
| | | | |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | **840,101** | 1,837,558 |
| Non-controlling interests | | **29,771** | 202,097 |

* A significant portion of this includes foreign exchange translation differences arising from the translation of goodwill and purchase price adjustments which are denominated in foreign currencies at the Group level. The translation differences arising on account of translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency are also reflected here. There are no differences on translation from functional to presentation currency as the Company's functional currency is pegged to the presentation currency.

*The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.*

# DP World PLC (formerly DP World Limited) and its subsidiaries

## Consolidated statement of financial position

| | | 2018 | 2017 |
|---|---|---|---|
| | *Note* | **USD'000** | USD'000 |
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | *12* | **8,960,782** | 8,697,371 |
| Investment properties | *13* | **1,622,130** | 1,323,179 |
| Intangible assets and goodwill | *14* | **8,833,151** | 7,920,654 |
| Investment in equity-accounted investees | *17* | **2,101,425** | 2,172,683 |
| Other investments | | **51,078** | 72,759 |
| Accounts receivable and prepayments | *18* | **574,570** | 481,741 |
| **Total non-current assets** | | **22,143,136** | 20,668,387 |
| **Current assets** | | | |
| Inventories | | **115,590** | 90,282 |
| Properties held for development and sale | *15* | **261,724** | - |
| Accounts receivable and prepayments | *18* | **1,378,179** | 871,542 |
| Cash and cash equivalents | *19* | **2,614,710** | 1,483,679 |
| **Total current assets** | | **4,370,203** | 2,445,503 |
| **Total assets** | | **26,513,339** | 23,113,890 |
| **Equity** | | | |
| Share capital | *28* | **1,660,000** | 1,660,000 |
| Share premium | | **2,472,655** | 2,472,655 |
| Shareholders' reserve | | **2,000,000** | 2,000,000 |
| Retained earnings | | **7,712,784** | 6,759,367 |
| Translation reserve | | **(1,976,051)** | (1,503,980) |
| Other reserves | | **(558,190)** | (573,881) |
| **Equity attributable to owners of the Company** | | **11,311,198** | 10,814,161 |
| **Non-controlling interests** | *23* | **687,720** | 811,201 |
| **Total equity** | | **11,998,918** | 11,625,362 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Interest bearing loans and borrowings | *30* | **10,065,388** | 7,287,136 |
| Loans from non-controlling shareholders | *30* | **132,236** | 150,134 |
| Accounts payable and accruals | *22* | **345,467** | 482,218 |
| Deferred tax liabilities | *8* | **886,173** | 907,860 |
| Employees' end of service benefits | *20* | **159,233** | 122,230 |
| Pension and post-employment benefits | *21* | **157,082** | 187,570 |
| **Total non-current liabilities** | | **11,745,579** | 9,137,148 |
| **Current liabilities** | | | |
| Interest bearing loans and borrowings | *30* | **354,375** | 300,708 |
| Loans from non-controlling shareholders | *30* | **1,000** | 1,000 |
| Accounts payable and accruals | *22* | **2,305,727** | 1,947,781 |
| Income tax liabilities | *8* | **100,674** | 94,567 |
| Pension and post-employment benefits | *21* | **7,066** | 7,324 |
| **Total current liabilities** | | **2,768,842** | 2,351,380 |
| **Total liabilities** | | **14,514,421** | 11,488,528 |
| | | | |
| **Total equity and liabilities** | | **26,513,339** | 23,113,890 |

*The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.*

*The consolidated financial statements were authorised for issue on 14 March 2019.*

.........................................................
Sultan Ahmed Bin Sulayem
Chairman and Chief Executive Officer

.........................................................
Yuvraj Narayan
Chief Financial Officer

# DP World PLC (formerly DP World Limited) and its subsidiaries

## Consolidated statement of changes in equity

| | Attributable to equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Share capital and premium** | **Shareholders' reserve** | **Retained earnings** | **Translation reserve** | **Other reserves** | **Total** | **Non-controlling interests** | **Total equity** |
| | **USD'000** | **USD'000** | **USD'000** | **USD'000** | **USD'000** | **USD'000** | **USD'000** | **USD'000** |
| Balance as at 1 January 2017 | 4,132,655 | 2,000,000 | 5,495,181 | (2,124,021) | (705,964) | 8,797,851 | 721,834 | 9,519,685 |
| Profit for the period | - | - | 1,176,715 | - | - | 1,176,715 | 154,031 | 1,330,746 |
| Other comprehensive income, net of tax | - | - | - | 620,041 | 40,802 | 660,843 | 48,066 | 708,909 |
| **Transactions with owners, recognised directly in equity** | | | | | | | | |
| Change in ownership interests without change in control of subsidiaries | - | - | 403,497 | - | - | 403,497 | 119,890 | 523,387 |
| Pension obligation borne by Parent Company | - | - | - | - | 91,281 | 91,281 | - | 91,281 |
| Dividends paid (refer to note 10) | - | - | (315,400) | - | - | (315,400) | - | (315,400) |
| Acquisition of non-controlling interests without change in control | - | - | (626) | - | - | (626) | (4,191) | (4,817) |
| **Transactions with non-controlling interests, recognised directly in equity** | | | | | | | | |
| Contributions by non-controlling interests | - | - | - | - | - | - | 21,880 | 21,880 |
| Dividends paid | - | - | - | - | - | - | (253,697) | (253,697) |
| Acquisition of subsidiary with non-controlling interests | - | - | - | - | - | - | 3,388 | 3,388 |
| **Balance as at 31 December 2017** | **4,132,655** | **2,000,000** | **6,759,367** | **(1,503,980)** | **(573,881)** | **10,814,161** | **811,201** | **11,625,362** |
| Profit for the period | **-** | **-** | **1,296,481** | **-** | **-** | **1,296,481** | **61,136** | **1,357,617** |
| Other comprehensive income, net of tax | **-** | **-** | **-** | **(472,071)** | **15,691** | **(456,380)** | **(31,365)** | **(487,745)** |
| **Transactions with owners, recognised directly in equity** | | | | | | | | |
| Dividends paid (refer to note 10) | **-** | **-** | **(340,300)** | **-** | **-** | **(340,300)** | **-** | **(340,300)** |
| Acquisition of non-controlling interests without change in control | **-** | **-** | **(2,764)** | **-** | **-** | **(2,764)** | **2,764** | **-** |
| **Transactions with non-controlling interests, recognised directly in equity** | | | | | | | | |
| Contributions by non-controlling interests | **-** | **-** | **-** | **-** | **-** | **-** | **110,625** | **110,625** |
| Acquisition of subsidiary with non-controlling interests | **-** | **-** | **-** | **-** | **-** | **-** | **35,651** | **35,651** |
| Dividends paid | **-** | **-** | **-** | **-** | **-** | **-** | **(35,699)** | **(35,699)** |
| Non-controlling interests derecognised on deconsolidation of subsidiaries (refer to note 25) | **-** | **-** | **-** | **-** | **-** | **-** | **(266,593)** | **(266,593)** |
| **Balance as at 31 December 2018** | **4,132,655** | **2,000,000** | **7,712,784** | **(1,976,051)** | **(558,190)** | **11,311,198** | **687,720** | **11,998,918** |

*The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.*

# DP World PLC (formerly DP World Limited) and its subsidiaries

## Consolidated statement of cash flows

| | Note | **2018** | 2017 |
|---|---|---|---|
| | | **USD'000** | USD'000 |
| **Cash flows from operating activities** | | | |
| Gross cash flows from operations | *19* | **2,586,262** | 2,332,606 |
| Changes in: | | | |
| Inventories | | **(4,142)** | (3,844) |
| Accounts receivable and prepayments | | **47,941** | 71,583 |
| Accounts payable and accruals | | **(371,405)** | 127,555 |
| Properties held for development and sale | | **(50,386)** | - |
| Provisions, pensions and post-employment benefits | | **(47,751)** | (115,452) |
| | | | |
| **Cash provided by operating activities** | | **2,160,519** | 2,412,448 |
| Income taxes paid | | **(209,029)** | (204,575) |
| | | | |
| **Net cash provided by operating activities** | | **1,951,490** | 2,207,873 |
| | | | |
| **Cash flows from investing activities** | | | |
| Additions to property, plant and equipment | *12* | **(810,303)** | (945,201) |
| Additions to investment properties | *13* | **(83,452)** | (98,884) |
| Additions to port concession rights | | **(14,470)** | (45,566) |
| Additions to other investments | | **(60,000)** | (28,026) |
| Proceeds from disposal of property, plant and equipment and port concession rights | | **37,158** | 42,579 |
| Proceeds from disposal of a subsidiary | | **400** | - |
| Cash outflow on acquisition of subsidiaries (net of cash acquired) | | **(1,326,595)** | (179,114) |
| Cash outflow on deconsolidation of a subsidiary | | **(112,500)** | - |
| Cash inflow on monetisation of stake in subsidiaries without change in control | | **-** | 523,387 |
| Net cash outflow on acquisition of non-controlling interests without change in control | | **-** | (4,817) |
| Interest received | | **50,527** | 38,030 |
| Dividends received from equity-accounted investees | *17* | **207,752** | 114,695 |
| Additional investment in equity-accounted investees | | **(1,460)** | (4,415) |
| Net loan from equity-accounted investees | | **5,880** | 1,347 |
| | | | |
| **Net cash used in investing activities** | | **(2,107,063)** | (585,985) |
| | | | |
| **Cash flows from financing activities** | | | |
| Repayment of interest bearing loans and borrowings | | **(2,382,237)** | (504,809) |
| Drawdown of interest bearing loans and borrowings | | **4,879,004** | 290,361 |
| Redemption of sukuk | | **(431,571)** | (387,300) |
| Interest paid | | **(472,963)** | (332,420) |
| Dividend paid to the owners of the Company | | **(340,300)** | (315,400) |
| Contribution by non-controlling interests | | **110,625** | 21,880 |
| Dividend paid to non-controlling interests | | **(35,699)** | (253,697) |
| | | | |
| **Net cash from/ (used in) financing activities** | | **1,326,859** | (1,481,385) |
| | | | |
| **Net increase in cash and cash equivalents** | | **1,171,286** | 140,503 |
| | | | |
| Cash and cash equivalents as at 1 January | | **1,483,679** | 1,299,391 |
| Effect of exchange rate fluctuations on cash held | | **(40,255)** | 43,785 |
| **Cash and cash equivalents as at 31 December** | *19* | **2,614,710** | 1,483,679 |

*The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.*

## Notes to the consolidated financial statements

**1. Corporate information**

DP World PLC ("the Company") formerly known as DP World Limited, was incorporated on 9 August 2006 as a Company Limited by Shares with the Registrar of Companies of the Dubai International Financial Centre ("DIFC") under the DIFC Companies Law. The consolidated financial statements for the year ended 31 December 2018 comprise the Company and its subsidiaries (collectively referred to as "the Group") and the Group's interests in equity-accounted investees. The Group is engaged in the business of development and management of international marine and inland terminal operations, maritime services, maritime transport, industrial parks and economic zones, logistics and ancillary services to technology-driven trade solutions.

Port & Free Zone World FZE ("the Parent Company"), which originally held 100% of the Company's issued and outstanding share capital, made an initial public offer of 19.55% of its share capital to the public and the Company was listed on the Nasdaq Dubai with effect from 26 November 2007. The Company was further admitted to trade on the London Stock Exchange with effect from 1 June 2011 and voluntarily delisted from the London Stock Exchange on 21 January 2015.

Port & Free Zone World FZE is a wholly owned subsidiary of Dubai World Corporation ("the Ultimate Parent Company").

The Company's registered office address is P.O. Box 17000, Dubai, United Arab Emirates.

**2. Basis of preparation of the consolidated financial statements**

The consolidated financial statements have been prepared on going concern basis in accordance with International Financial Reporting Standards ("IFRS") and the applicable provisions of the DIFC Companies Law.

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair value.

**a) Use of estimates and judgements**

The management makes estimates and judgements affecting the application of accounting policies and reported numbers in the consolidated financial statements. The significant estimates and judgements are listed below:

i. Estimate of useful lives of property, plant and equipment and port concession rights with finite lives.
ii. Estimate of expected future cash flows and discount rates for calculating present value of such cash flows used to compute value-in-use of cash-generating units.
iii. Estimate of fair value of derivatives for which an active market is not available, is computed using various generally accepted valuation techniques. Such techniques require inputs from observable markets and judgements on market risk and credit risk.
iv. Estimates of cost to complete the projects for the purpose of valuation of the properties held for development and sale and investment properties under construction.
v. Estimate of level of probability of a contingent liability becoming an actual liability and resulting cash outflow based on the information available on the reporting date
vi. Judgement is required for recognition of revenue under the new accounting standard.
vii. Judgement is required on recognition of an identifiable intangible asset separate from goodwill in case of business combination at its estimated fair value. This is based on information available and management's expectations on the date of acquisition.
viii. Judgements required by actuaries in respect of discount rates, future salary increments, mortality rates and inflation rate used for computation of defined benefit liability.
ix. Judgement is required for consolidation of entities in which the Group holds less than 50% shareholding and non-consolidation of entities in which the Group holds more than 50% shareholding (refer to note 25).
x. Judgement is required in determining the worldwide provision for income taxes.
xi. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.
xii. Judgement is required for measurement of expected credit losses for financial assets.

The actual results may differ from the estimates and judgements made by the management in the above matters. Revisions to the accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**b) New standards and interpretations not yet effective**

A number of new standards, amendments to standards and interpretations are not effective for annual periods beginning 1 January 2018, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

**2. Basis for preparation of the consolidated financial statements (continued)**

**b) New standards and interpretations not yet effective (continued)**

***i. IFRS 16 Leases*** *(effective from 1 January 2019)*

The Group is required to adopt IFRS 16 Leases from 1 January 2019. The new standard requires the lessee to recognise the operating lease commitment on the balance sheet. The standard requires future lease commitments to be recognised as a liability, with a corresponding right of use asset. This will impact the EBITDA and debt to equity ratios of the Group. In addition, depending on the stage of lease, there will be a different pattern of expense recognition on leases. Currently, lease expenses are recognised in cost of sales, however, in future the lease expense would be replaced by an amortisation charge and finance expense. The Group has reviewed all the leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting of the Group's operating leases.

The Group will apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements, as described below.

As at the reporting date, the Group has non-cancellable operating lease commitments of USD 7.8 billion (refer to note 32). These are mainly terminal operating leases which are long term in nature, arising out of the concession arrangements. The Group expects to recognise right-of-use assets of approximately USD 1.5 billion on 1 January 2019 and lease liabilities of USD 1.9 billion. The Group expects that net profit after tax will decrease by approximately USD 49 million for 2019 as a result of adopting the new rules. Adjusted EBITDA is expected to increase by approximately USD 120 million, as the operating lease payments were included in EBITDA earlier, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure now. This change will have no overall impact on Group's cash flows, except that operating cash flows will increase and financing cash flows will decrease as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group's activities as a lessor are not material and hence the Group does not expect any significant impact on the financial statements.

**c) New standards, amendments and interpretations adopted by the Group**

The Group has initially applied IFRS 9 and IFRS 15 from 1 January 2018. A number of other new standards are also effective from 1 January 2018, but they do not have a material effect on the Group's financial statements.

**IFRS 9**

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

IFRS 9 did not have a significant impact on the Group's financial statements.

**IFRS 15**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Revenue is recognised to the extent that it is probable that the Group will collect the consideration to which it is entitled. Determining the timing of the transfer of control - at a point in time or over time - requires judgement.

**2. Basis for preparation of the consolidated financial statements (continued)**

**c) New standards, amendments and interpretations adopted by the Group (continued)**

**IFRS 15 (continued)**

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated.

The Group's revenue mainly consists of revenue from ports and terminals, lease rentals and services from economic zones, Drydocking services and Logistics services. The Group's current practises for recognising revenue have shown to comply in all material aspects with the concepts and principles encompassed by the new standard. Therefore, IFRS 15 did not have a significant impact on the Group's accounting for revenue recognition.

**3. Significant accounting policies**

The following significant accounting policies have been consistently applied in the preparation of these consolidated financial statements throughout the Group to all the years presented, unless otherwise stated.

**a) Basis of consolidation**

***i. Subsidiaries***

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The acquisition method of accounting is used to account for business combinations including common control transactions by the Group on the date of acquisition.

***ii. Business combination achieved in stages***

On business combination achieved in stages, the acquirer's previously held interest in the acquiree is remeasured to fair value at the date of acquisition with any resulting gain or loss recognised in the consolidated statement of profit or loss.

***iii. Change in ownership interests in subsidiaries without loss of control***

Changes in the Group's interests in a subsidiary that does not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The difference between the fair value of any consideration paid or received and relevant shares acquired or disposed off in the carrying value of net assets of the subsidiary is recorded in equity under retained earnings.

***iv. Disposal of subsidiaries (loss of control)***

On the loss of control, the Group derecognises the subsidiary and recognises any surplus or deficit arising on the loss of control in the consolidated statement of profit or loss. Any retained interest is re-measured at fair value on the date control is lost and is subsequently accounted as an equity-accounted investee or as a FVOCI-equity instrument depending on the level of influence retained.

***v. Non-controlling interests***

For each business combination, the Group elects to measure any non-controlling interests at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

***vi. Structured entities***

The Group established DP World Crescent Limited (a limited liability company incorporated in the Cayman Islands) as a structured entity ("SE") for the issue of Sukuk Certificates. These certificates are listed on Nasdaq Dubai and London Stock Exchange. The Group does not have any direct or indirect shareholding in this entity.

The Group has also incorporated JAFZ Sukuk (2019) Limited as a SE for issuing New JAFZ Sukuk which are currently listed on Nasdaq Dubai and the Irish Stock Exchange.

**3. Significant accounting policies (continued)**

**a) Basis of consolidation (continued)**

***vi. Investments in equity-accounted investees (associates and joint ventures)***

The Group's interest in equity-accounted investees comprise interest in associates and joint ventures. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Investments in equity-accounted investees are accounted for using the equity method and are initially recorded at cost including transaction costs. The Group's investment includes fair value adjustments (including goodwill) net of any accumulated impairment losses.

At each reporting date, the Group determines whether there is any objective evidence that the investments in the equity-accounted investees are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity-accounted investees and its carrying value and recognises the same in the consolidated statement of profit or loss.

***vii. Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from the transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**b) Foreign currency**

***i. Functional and presentation currency***

The functional currency of the Company is UAE Dirhams. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary environment in which it operates (functional currency). These consolidated financial statements are presented in USD, which is the Group's presentation currency.

***ii. Foreign currency transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated statement of profit or loss.

Non-monetary assets and liabilities denominated in foreign currency are translated to the functional currency of each entity at the foreign exchange rate ruling at the date of transaction with no further re-measurement in future.

***iii. Foreign operations***

For the preparation of consolidated financial statements, the differences arising on translation of financial statements of foreign operations into USD are recognised in other comprehensive income and accumulated in the translation reserve except to the extent of share of non-controlling interests in such differences. Accumulated translation differences are recycled to profit or loss on de-recognition of foreign operations as part of the gain or loss on such derecognition. In case of partial derecognition, accumulated differences proportionate to the stake derecognised are recycled.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such item form part of the net investment in the foreign operation. Accordingly, such differences are recognised in the consolidated statement of other comprehensive income and accumulated in the translation reserve.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in the consolidated statement of other comprehensive income, to the extent that the hedge is effective.

**3. Significant accounting policies (continued)**

**c) Financial instruments**

***i. Non-derivative financial assets***

**Classification and subsequent measurement of financial assets (policy applicable under IAS 39 until 31 December 2017)**

Until 31 December 2017, the Group classified its financial assets in the following categories:

- financial assets at fair value through profit or loss (FVPL),
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition.

**Subsequent measurement**

Subsequent to the initial recognition, loans and receivables and held-to-maturity investments were carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognised as follows:

- for financial assets at FVPL – in profit or loss.
- for available-for-sale financial assets, changes in the carrying amount were recognised in other comprehensive income

**Classification of financial assets (Policy applicable under IFRS 9 from 1 January 2018)**

IFRS 9 eliminates the previous IAS 39 categories for financial assets such as held to maturity, loans and receivables, fair value through profit or loss and available for sale.

Under IFRS 9, on initial recognition, a financial asset is classified and measured at:

- Amortised cost;
- Fair value through other comprehensive income (‘FVOCI’) - debt instrument;
- FVOCI - equity instrument; or
- Fair value through profit or loss (‘FVTPL’).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and also on the basis of the contractual cash flows characteristics of the financial instrument.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**3. Significant accounting policies (continued)**

**c) Financial instruments (continued)**

***i. Non-derivative financial assets (continued)***

**Classification of financial assets (Policy applicable under IFRS 9 from 1 January 2018) (continued)**

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Derivatives embedded in contracts where the host is a financial asset in the scope of the IFRS 9 is never separated. Instead, the hybrid financial instrument as a whole is classified and measured at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

**Initial recognition of financial assets**

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

**Subsequent measurement of financial assets**

| | |
|---|---|
| **Financial assets at amortised cost** | These assets are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |
| **FVOCI – debt instrument** | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. |
| **FVOCI – equity instrument** | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. |
| **Financial assets at FVTPL** | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. |

**3. Significant accounting policies (continued)**

**c) Financial instruments (continued)**

***i. Non-derivative financial assets (continued)***

**Subsequent measurement of financial assets (continued)**

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 January 2018:

| | Original classification under IAS 39 | New classification under IFRS 9 | Original carrying value under IAS 39 |
|---|---|---|---|
| | | | USD'000 |
| Equity securities* | Available-for-sale financial assets | FVOCI - equity investment | 69,935 |
| Convertible debt instrument** | Loans and receivables | Financial assets at FVTPL | 30,000 |
| Equity securities | Financial assets at FVTPL | Financial assets at FVTPL | 2,824 |
| Derivative instruments for hedging | Fair value - hedging instruments | Fair value - hedging instruments | 8,952 |
| Trade and other receivables | Loans and receivables | Financial assets at amortised cost | 1,188,037 |
| Cash and cash equivalents | Loans and receivables | Financial assets at amortised cost | 1,483,679 |

The new classification above did not result in any significant change in measurement of values under IFRS 9.

* These equity securities represent investments that the Group intends to hold for the long-term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value movement related to these investments will never be reclassified to profit or loss.

** Convertible debt instrument has been reclassified as financial asset at FVTPL due to its exposure to equity price risk.

**Derecognition of financial assets**

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred and it does not retain control of the financial asset.

***ii. Impairment of non-derivative financial assets (Policy applicable under IFRS 9 from 1 January 2018)***

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The financial assets at amortised cost consist of trade receivables and cash and cash equivalents.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

**3. Significant accounting policies (continued)**

**c) Financial instruments (continued)**

***ii. Impairment of non-derivative financial assets (Policy applicable under IFRS 9 from 1 January 2018) (continued)***

The Group assumes that the credit risk on a financial asset increases significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any are held); or
- the financial asset is more than 180 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The application of IFRS 9's impairment requirements at 1 January 2018 did not result in any significant additional impairment allowance.

***iii. Non-derivative financial liabilities***

**Classification, initial recognition and measurement**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities at amortised cost or FVTPL.

The Group's non-derivative financial liabilities consist of loans and borrowings, bank overdrafts, amounts due to related parties, and trade and other payables. All non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. The Group classifies all its non-derivative financial liabilities as financial liabilities to be carried at amortised cost using effective interest method.

The subsequent measurement of non-derivative financial liabilities are carried at their amortised cost using the effective interest method.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

**Convertible bond**

Convertible bonds issued by the Group are denominated in USD and can be converted into ordinary shares. Convertible bonds are split into two components: a debt component and a component representing the embedded derivative in the convertible bond. The debt component represents a non-derivative financial liability for future coupon payments and the redemption of the principal amount. The embedded derivative, a financial derivative liability, represents the value of the option that bond holders can convert into ordinary shares. The Group has not recorded the embedded derivative within equity due to the existence of cash settlement terms with the Company.

***iv. Derivative financial instruments and hedge accounting - (Policy applicable under IFRS 9 from 1 January 2018)***

The Group holds derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its cash flows exposed to risk of fluctuations in foreign currencies and interest rates.

The Group has elected to adopt the new general hedge accounting model in IFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

All hedging relationships designated under IAS 39 at 31 December 2017 met the criteria for hedge accounting under IFRS 9 at 1 January 2018 and are therefore regarded as continuing hedging relationships.

**3. Significant accounting policies (continued)**

**c) Financial instruments (continued)**

***iv. Derivative financial instruments and hedge accounting - (Policy applicable under IFRS 9 from 1 January 2018) (continued)***

**Initial recognition**

Derivatives are recognised initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are either recognised in the consolidated statement of profit or loss or the consolidated statement of other comprehensive income.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation

On initial designation of the derivatives as the hedging instrument, the Group formally documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedging instrument and hedged item, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other together with the methods that will be used to assess the effectiveness of the hedging relationship.

**Subsequent measurement**

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in consolidated statement of other comprehensive income to the extent that the hedge is effective and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the consolidated statement of profit or loss.

When the hedged item is a non-financial asset, the amount recognised in the consolidated statement of other comprehensive income is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in consolidated statement of other comprehensive income is transferred to the consolidated statement of profit or loss in the same period that the hedged item affects the consolidated statement of profit or loss.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

Derivative instruments that are not designated as hedging instruments in hedge relationships are classified as financial liabilities or assets at fair value through profit or loss.

**Derecognition**

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in consolidated statement of other comprehensive income remains there until the forecast transaction or firm commitment occurs. If the forecast transaction or firm commitment is no longer expected to occur, then the balance in equity is reclassified to the consolidated statement of profit or loss.

The policies applied for initial recognition and subsequent measurement in the comparative information presented for 2017 is similar to that applied for 2018.

**3. Significant accounting policies (continued)**

**d) Property, plant and equipment**

***i. Recognition and measurement***

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (refer to note 3(j) (i)).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of a self-constructed asset includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the cost of dismantling and removing the items and restoring the site on which they are located. Such property, plant and equipment does not directly increase the future economic benefits of any particular existing item of property, plant and equipment, but may be necessary for an entity to obtain the future economic benefits from its other assets.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Capital work-in-progress is measured at cost less impairment losses and not depreciated until such time the assets are ready for intended use and transferred to the respective category under property, plant and equipment.

**Dredging**

Dredging expenditure is categorised into capital dredging and major maintenance dredging. Capital dredging is expenditure which includes creation of a new harbour, deepening or extension of the channel berths or waterways in order to allow access to larger ships which will result in future economic benefits for the Group. This expenditure is capitalised and amortised over the expected period of the relevant concession agreement. Major maintenance dredging is expenditure incurred to restore the channel to its previous condition and depth. Maintenance dredging is regarded as a separate component of the asset and is capitalised and amortised evenly over 10 years.

***ii. Subsequent costs***

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably.

***iii. Depreciation***

Land and capital work in progress is not depreciated. Depreciation on other assets is recognised in the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment and is based on cost less residual value. Leased assets are depreciated on straight-line basis over their estimated useful lives or lease term whichever is shorter.

The estimated useful lives of assets are as follows:

| **Assets** | **Useful life (years)** |
|---|---|
| Buildings | 5 – 50 |
| Plant and equipment | 3 – 25 |
| Vessels | 10 – 30 |
| Dredging (included in land and buildings) | 10 – 99 |

Dredging costs are depreciated on a straight line basis based on the lives of various components of dredging.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

**3. Significant accounting policies (continued)**

**d) Property, plant and equipment (continued)**

***iv. Borrowing costs***

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time, the assets are substantially ready for their intended use or sale.

**e) Investment properties**

Investment property is measured initially at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property is carried at cost less accumulated depreciation and impairment, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably.

Investment property under construction is not depreciated until such time as the relevant assets are completed and commissioned.

Land is not depreciated. Depreciation is calculated using the straight-line method to allocate the cost to the residual values over the estimated useful lives, as follows:

| **Assets** | **Useful life (years)** |
|---|---|
| Buildings | 20 – 35 |
| Infrastructure | 5 – 50 |

The useful lives and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

**f) Land use rights**

Land use rights represents the prepaid lease payments of leasehold interests in land under operating lease arrangements. These rights are amortised using the straight-line method to allocate the cost over the term of rights of 99 years.

**g) Goodwill**

Goodwill arises on the acquisition of subsidiaries and equity-accounted investees. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is measured at cost less accumulated impairment losses (refer to note 3(j)(i)). Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. An impairment loss in respect of goodwill is not reversed.

In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and is not tested for impairment separately.

**h) Port concession rights**

The Group classifies the port concession rights as intangible assets as the Group bears demand risk over the infrastructure assets. Substantially all of the Group's terminal operations are conducted pursuant to long-term operating concessions or leases entered into with the owner of a relevant port for terms generally between 25 and 50 years (excluding the port concession rights relating to equity-accounted investees). The Group commonly starts negotiations regarding renewal of concession agreements with approximately 5-10 years remaining on the term and often obtains renewals or extensions on the concession agreements in advance of their expiration in return for a commitment to make certain capital expenditures in respect of the subject terminal. In addition, such negotiations may result in the re-basing of rental charges to reflect prevailing market rates. However, based on the Group's experience, incumbent operators are typically granted renewal often because it can be costly for a port owner to switch operators, both administratively and due to interruptions to port operations and reduced productivity associated with such transactions. Port concession rights consist of:

**3. Significant accounting policies (continued)**

**h) Port concession rights (continued)**

***i. Port concession rights arising on business combinations***

The cost of port concession rights acquired in a business combination is the fair value as at the date of acquisition.

Following initial recognition, port concession rights are carried at cost less accumulated amortisation and any accumulated impairment losses (refer to note 3(j)(i)). The useful lives of port concession rights are assessed to be either finite or indefinite.

Port concession rights with finite lives are amortised on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the port concession rights may be impaired. The amortisation period and amortisation method for port concession rights with finite useful lives are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expenses on port concession rights with finite useful lives are recognised in the consolidated statement of profit or loss on a straight-line basis.

Port concession rights with indefinite lives (arising where freehold rights are granted) are not amortised and are tested for impairment at least on an annual basis or when the impairment indicator exists, either individually or at the cash-generating unit level. The useful life of port concession rights with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

***ii. Port concession rights arising from Service Concession Arrangements (IFRIC 12)***

The Group recognises port concession rights arising from a service concession arrangement, in which the grantor (government or port authorities) controls or regulates the services provided and the prices charged, and also controls any significant residual interest in the infrastructure such as property, plant and equipment, if the infrastructure is existing infrastructure of the grantor or the infrastructure is constructed or purchased by the Group as part of the service concession arrangement.

Port concession rights also include certain property, plant and equipment which are reclassified as intangible assets in accordance with IFRIC 12 '*Service Concession Arrangements'*. These assets are amortised based on the lower of their useful lives or concession period.

Gains or losses arising from de-recognition of port concession rights are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

The estimated useful lives for port concession rights range within a period of 5 – 50 years (including the concession rights relating to equity-accounted investees).

**i) Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

***i. Group as a lessee***

Assets held by the Group under leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the consolidated statement of profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance lease.

Contingent payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

**3. Significant accounting policies (continued)**

**i) Leases (continued)**

***ii. Group as a lessor***

Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as income in the period in which they are earned.

***iii. Leasing and sub-leasing transactions***

Leasing and sub-leasing transactions are designed to achieve certain benefits for the third parties in overseas locations in return for a cash benefit to the Group. Such cash benefit is accounted in the consolidated statement of profit or loss based on its economic substance.

***iv. Leases of land in port concession***

Leases of land have not been classified as finance leases as the Group believes that the substantial risks and rewards of ownership of the land have not been transferred. Accordingly, these are accounted as operating leases. The existence of a significant exposure of the lessor to performance of the asset through contingent rentals is the basis of concluding that substantially all the risks and rewards of ownership have not passed.

**j) Impairment**

***i. Non-financial assets***

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed for impairment whenever there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, the assets are grouped together into smallest group of assets (cash generating unit or "CGU") that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU's.

Goodwill and port concession rights with infinite useful lives, as part of their respective cash-generating units, are also reviewed for impairment at each reporting date or at least once in a year regardless of any indicators of impairment. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

In respect of non-financial assets (other than goodwill), impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount, which would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

***ii. Financial assets***

Financial assets not classified at fair value through profit or loss are assessed by management at each reporting date to determine whether there is objective evidence of impairment.

**3. Significant accounting policies (continued)**

**j) Impairment (continued)**

***ii. Financial assets (continued)***

**Financial assets measured at amortised cost**

The Group considers evidence of impairment for financial assets measured at amortised cost at both a specific asset level and collective level. All individually significant receivables and held to maturity investment securities are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

**Available-for-sale financial assets**

A significant or prolonged decline in the fair value of an equity investment is considered as objective evidence of impairment. The Group considers that generally a decline of 20% will be considered as significant and a decline of over 9 months will be considered as prolonged.

**k) Employee benefits**

***i. Pension and post-employment benefits***

**Defined contribution plans**

A defined contribution plan is a post-employment benefit plan in which the Company pays the fixed contribution to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in the consolidated statement of profit or loss during which the services are rendered by employees.

**Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine the present value, and the fair value of any plan asset is deducted to arrive at net obligation. The calculation is performed annually by a qualified actuary using the projected unit credit method which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised directly in the consolidated statement of other comprehensive income. The cost of providing benefits under the defined benefit plans is determined separately for each plan.

Contributions, including lump sum payments, in respect of defined contribution pension schemes and multi-employer defined benefit schemes where it is not possible to identify the Group's share of the scheme, are charged to the consolidated statement of profit or loss as they fall due.

***ii. Short-term employee benefits***

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**3. Significant accounting policies (continued)**

**l) Provisions**

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost in the consolidated statement of profit or loss.

**m) Revenue**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group's revenue mainly consists of port related services (containerised stevedoring, break bulk and general cargo), service concession revenue, lease rentals, drydocking and logistic services revenue.

The following specific recognition criteria must also be met before revenue is recognised:

***i. Rendering of port related services***

Revenue from providing containerised stevedoring, other containerised services and non-containerised services is recognised at the point in time when the services are rendered to the customer. However, storage revenue is recognised over a period of time.

***ii. Service concession arrangements (IFRIC 12)***

Revenues relating to construction contracts which are entered into with government authorities for the construction of the infrastructure necessary for the provision of services are measured at the fair value of the consideration received or receivable. Revenue from service concession arrangements is recognised based on the fair value of construction work performed at the reporting date. The Group recognises revenue and costs relating to construction services over a period of time by reference to the stage of completion of the contract using the input method.

***iii. Lease rentals and services from economic zones***

A lease rental is recognised on a straight line basis over the lease term. Where the consideration for the lease is received for subsequent period, the attributable amount of revenue is deferred and recognised in the subsequent period. Unrecognised revenue is classified as deferred revenue under liabilities in the consolidated statement of financial position.

Revenue from administrative service, license and registration is recognised at the point in time when the services are rendered to the customer.

***iv. Revenue from drydocking services***

Revenue from drydocking services includes revenue from ship repair services, conversions, ship building, ship lifting, docking and undocking services.

Revenue from ship repair services, conversions and ship building is recognised over a period of time by reference to the stage of completion of the contract using the surveys of work performed and cost-to-cost method. Provisions for foreseeable losses are made in full, as soon as they are anticipated. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. Advances received are included in contract liabilities.

Revenue from ship lifting, docking and undocking of vessels is recognised at the point in time when the services are rendered to the customer.

***v. Revenue from logistics services***

Revenue from logistics services is recognised at the point in time when the services are rendered to the customer.

**3. Significant accounting policies (continued)**

**n) Properties held for development and sale**

Properties acquired, constructed or in the course of construction for sale are classified as properties held for development and sale. Properties held for development and sale are stated at the lower of cost or net realisable value.

Cost includes the cost of right to reclaim the land, cost of infrastructure, construction and other related expenditure such as professional fees and engineering costs attributable to the project, which are capitalised as and when the activities, that are necessary to enable the assets to be ready for the intended use are in progress. Net realisable value represents the estimated selling price in the ordinary course of business, based on market prices at the reporting date discounted for the time value of money, if material, less costs to complete and costs to be incurred in selling the property.

The Group reviews the carrying values of the properties held for development and sale at each reporting date for any impairment.

Revenue from these properties is recognised when the control is transferred to the buyer. Control generally transfers when the customer has an ability to direct its use and obtains substantially all of its economic benefits.

**o) Finance income and costs**

Finance income comprises interest income on cash and cash equivalents and gains on hedging instruments that are recognised in the consolidated statement of profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprises interest expense on borrowings, unwinding of discount on provisions, impairment losses recognised on financial assets, losses on hedging instruments and fair value changes of debt instruments that are recognised in the consolidated statement of profit or loss.

Finance income and costs also include realised and unrealised exchange gains and losses on monetary assets and liabilities (refer to note 3(b) (ii)).

**p) Income tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in consolidated statement of other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. It also includes any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Current tax and deferred tax assets and liabilities are offset only if certain criteria are met.

**q) Earnings per share**

The Group presents basic and diluted earnings per share (“EPS”) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company (after adjusting for interest on the convertible bond and other consequential changes in income or expense that would result from the assumed conversion) by the weighted average number of ordinary shares outstanding during the year including the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares (refer to note 11).

**3. Significant accounting policies (continued)**

**r) Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Board of Directors ('Chief Operating Decision Maker') to assess performance.

**s) Separately disclosed items**

The Group presents, as separately disclosed items on the face of the consolidated statement of profit or loss, those items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow users to understand better, the elements of financial performance in the period, so as to facilitate a comparison with prior periods and a better assessment of trends in financial performance.

**4. Segment information**

The Group has identified the following geographic areas as its basis of segmentation.

- Asia Pacific and Indian subcontinent
- Australia and Americas
- Middle East, Europe and Africa

Each of these operating segments have an individual appointed as Segment Director responsible for these segments, who in turn reports to the Chief Operating Decision Maker. In addition to the above reportable segments, the Group reports unallocated head office costs, finance costs, finance income and tax expense under the head office segment

The Group measures segment performance based on the earnings before separately disclosed items, interest, tax, depreciation and amortisation ("Adjusted EBITDA").

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, investment property, and port concession rights other than goodwill.

Information regarding the results of each reportable segment is included below.

**4. Segment information (continued)**

The following table presents certain results, assets and liabilities information regarding the Group's segments as at the reporting date.

| | Asia Pacific and Indian subcontinent | | Australia and Americas | | Middle East, Europe and Africa | | Head office | | Inter-segment | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 |
| | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | **USD'000** | **USD'000** | USD'000 | **USD'000** | USD'000 |
| | | | | | | | | | | | | |
| Revenue | **833,409** | 682,272 | **961,146** | 762,151 | **3,851,725** | 3,284,363 | **-** | - | **-** | - | **5,646,280** | 4,728,786 |
| Adjusted for separately disclosed items | **-** | (14,053) | **-** | - | - | - | **-** | - | **-** | - | **-** | (14,053) |
| **Revenue before separately disclosed items** | **833,409** | 668,219 | **961,146** | 762,151 | **3,851,725** | 3,284,363 | **-** | - | **-** | - | **5,646,280** | 4,714,733 |
| | | | | | | | | | | | | |
| **Adjusted EBITDA** | **591,956** | 434,989 | **340,151** | 291,485 | **2,013,863** | 1,917,640 | **(137,975)** | (175,080) | **-** | - | **2,807,995** | 2,469,034 |
| Finance income | **-** | - | **-** | - | **-** | - | **141,328** | 95,540 | **-** | - | **141,328** | 95,540 |
| Finance costs | **-** | - | **-** | - | **-** | - | **(575,891)** | (425,410) | **-** | - | **(575,891)** | (425,410) |
| Tax expense | **-** | - | **-** | - | **-** | - | **(223,607)** | (144,406) | **-** | - | **(223,607)** | (144,406) |
| Depreciation and amortisation | **(105,960)** | (101,760) | **(117,225)** | (94,046) | **(585,387)** | (427,169) | **(8,463)** | (9,235) | **-** | - | **(817,035)** | (632,210) |
| **Adjusted net profit/ (loss) before separately disclosed items** | **485,996** | 333,229 | **222,926** | 197,439 | **1,428,476** | 1,490,471 | **(804,608)** | (658,591) | **-** | - | **1,332,790** | 1,362,548 |
| Adjusted for separately disclosed items | **(10,743)** | (13,313) | **(2,800)** | (32,384) | **(29,480)** | 10,369 | **67,850** | 3,526 | **-** | - | **24,827** | (31,802) |
| **Profit/ (loss) for the year** | **475,253** | 319,916 | **220,126** | 165,055 | **1,398,996** | 1,500,840 | **(736,758)** | (655,065) | **-** | - | **1,357,617** | 1,330,746 |

Net finance cost and tax expense from various geographical locations and head office have been grouped under head office.

In the previous years, a deferred revenue provision was recognised in the 'Asia Pacific and Indian subcontinent' region in relation to the difference in revenue between the billed rates and the rates specified by the Tariff Authority order. Due to change in tariff regulatory environment, management has decided to reverse this provision in the current year.

**4. Segment information (continued)**

| | Asia Pacific and Indian subcontinent | | Australia and Americas | | Middle East, Europe and Africa | | Head office | | Inter-segment | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 |
| | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 |
| | | | | | | | | | | | | |
| **Segment assets** | **4,564,835** | 4,576,571 | **2,935,015** | 3,103,562 | **19,227,147** | 18,062,307 | **14,063,935** | 9,345,615 | **(14,277,593)** | (11,974,165) | **26,513,339** | 23,113,890 |
| **Segment liabilities** | **479,486** | 661,767 | **725,366** | 643,515 | **6,381,328** | 4,042,232 | **11,345,791** | 8,693,264 | **(5,404,397)** | (3,554,677) | **13,527,574** | 10,486,101 |
| **Tax liabilities*** | **-** | - | **-** | - | **-** | - | **986,847** | 1,002,427 | **-** | - | **986,847** | 1,002,427 |
| **Total liabilities** | **479,486** | 661,767 | **725,366** | 643,515 | **6,381,328** | 4,042,232 | **12,332,638** | 9,695,691 | **(5,404,397)** | (3,554,677) | **14,514,421** | 11,488,528 |
| | | | | | | | | | | | | |
| **Capital expenditure** | **41,807** | 87,670 | **257,353** | 163,999 | **565,946** | 835,695 | **43,119** | 2,287 | **-** | - | **908,225** | 1,089,651 |
| **Depreciation** | **45,624** | 43,022 | **88,634** | 64,801 | **478,383** | 339,645 | **8,464** | 9,234 | **-** | - | **621,105** | 456,702 |
| **Amortisation/ impairment** | **60,336** | 58,738 | **28,591** | 29,245 | **116,303** | 91,127 | **-** | - | **-** | - | **205,230** | 179,110 |
| **Share of profit/(loss) of equity-accounted investees before separately disclosed items** | **128,797** | 117,365 | **2,986** | (14,894) | **33,284** | 21,121 | **-** | - | **-** | - | **165,067** | 123,592 |
| **Tax expense** | **-** | - | **-** | - | **-** | - | **223,607** | 43,330 | **-** | - | **223,607** | 43,330 |
| | | | | | | | | | | | | |
| ***Revenue consists of:*** | | | | | | | | | | | | |
| **Revenue from ports and terminals** | **783,001** | 668,219 | **881,856** | 762,151 | **2,631,093** | 2,698,297 | **-** | - | **-** | - | **4,295,950** | 4,128,667 |
| **Service concessions revenue** | **-** | 14,053 | **-** | - | **-** | - | **-** | - | **-** | - | **-** | 14,053 |
| **Lease rentals and services from economic zones** | **-** | - | **-** | - | **726,234** | 586,066 | **-** | - | **-** | - | **726,234** | 586,066 |
| **Drydocking and logistics services** | **50,408** | - | **79,290** | - | **494,398** | - | **-** | - | **-** | - | **624,096** | - |
| **Total revenue** | **833,409** | 682,272 | **961,146** | 762,151 | **3,851,725** | 3,284,363 | **-** | - | **-** | - | **5,646,280** | 4,728,786 |

*Tax liabilities and tax expenses from various geographical locations have been grouped under head office.

### 5. Revenue

| | 2018 | 2017 |
|---|---|---|
| | **USD'000** | USD'000 |
| *Revenue consists of:* | | |
| Revenue from ports and terminals | **4,295,950** | 4,128,667 |
| Service concessions revenue | **-** | 14,053 |
| Lease rentals and services from economic zones | **726,234** | 586,066 |
| Drydocking and logistics services | **624,096** | - |
| | | |
| **Total** | **5,646,280** | 4,728,786 |

The above revenue includes revenue from contracts with customers under IFRS 15 amounting to USD 5,170,658 thousand (2017: USD 4,262,109 thousand).

### 6. Profit for the year

| | 2018 | 2017 |
|---|---|---|
| | **USD'000** | USD'000 |
| *Profit for the year is stated after charging the following costs:* | | |
| Staff costs | **1,200,628** | 933,712 |
| Depreciation and amortization | **817,035** | 632,210 |
| Operating lease rentals | **410,624** | 399,968 |
| Impairment loss (refer to note 9) | **9,300** | 3,602 |

### 7. Finance income and costs

| | 2018 | 2017 |
|---|---|---|
| | **USD'000** | USD'000 |
| **Finance income** | | |
| Interest income | **84,547** | 66,400 |
| Exchange gains | **56,781** | 29,140 |
| | | |
| **Finance income before separately disclosed items** | **141,328** | 95,540 |
| Separately disclosed items (refer to note 9) | **127,916** | 550 |
| | | |
| **Finance income after separately disclosed items** | **269,244** | 96,090 |
| | | |
| **Finance costs** | | |
| Interest expense | **(480,807)** | (372,950) |
| Exchange losses | **(90,584)** | (46,550) |
| Other net financing expense in respect of pension plans | **(4,500)** | (5,910) |
| | | |
| **Finance costs before separately disclosed items** | **(575,891)** | (425,410) |
| Separately disclosed items (refer to note 9) | **(33,656)** | (98,100) |
| | | |
| **Finance costs after separately disclosed items** | **(609,547)** | (523,510) |
| | | |
| **Net finance costs after separately disclosed items** | **(340,303)** | (427,420) |

### 8. Income tax

The major components of income tax expense for the year ended 31 December:

| | 2018 | 2017 |
|---|---|---|
| | **USD'000** | USD'000 |
| **Current tax expense** | | |
| Current year | **220,007** | 193,987 |
| Change in estimates related to prior years | **26,440** | (24,506) |
| | | |
| | **246,447** | 169,481 |
| **Deferred tax credit** | **(22,840)** | (126,151) |
| | | |
| **Income tax expense** | **223,607** | 43,330 |
| Share of income tax of equity-accounted investees | **59,610** | 48,963 |
| **Total tax expense** | **283,217** | 92,293 |
| | | |
| **Tax recognised in statement of other comprehensive income** | | |
| Current tax | **914** | - |
| Deferred tax | **(7,049)** | (7,288) |
| **Total** | **(6,135)** | (7,288) |
| | | |
| **Income tax balances included in the consolidated statement of financial position:** | | |
| Income tax receivable (included within accounts receivable and prepayments) | **4,972** | 31,551 |
| Income tax liabilities | **100,674** | 94,567 |

The relationship between the total tax expense and the accounting profit can be explained as follows:

| | | 2018 | 2017 |
|---|---|---|---|
| | | **USD'000** | USD'000 |
| | | | |
| Net profit before tax | | **1,581,224** | 1,374,076 |
| | | | |
| Tax at the Company's domestic rate of 0% (2017: 0%) | | **-** | - |
| Effect of tax rates in foreign jurisdictions | | **163,556** | 139,118 |
| Net current year tax losses incurred, on which deferred tax is not recognised | | **25,866** | 15,699 |
| Tax charge of equity-accounted investees | | **59,610** | 48,963 |
| Effect of tax rate changes on deferred tax | | **(6,004)** | 2,188 |
| Deferred tax in respect of fair value adjustments | | **(17,848)** | (15,198) |
| Others | | **36,057** | 20,970 |
| | | | |
| **Tax expense before prior year adjustments** | | **261,237** | 211,740 |
| | | | |
| Change in estimates related to prior years: | | | |
| - current tax | | **26,440** | (24,506) |
| - deferred tax | | **(4,460)** | 6,135 |
| | | | |
| **Total tax expense from operations before separately disclosed items** | **(A)** | **283,217** | 193,369 |
| Adjustment for separately disclosed items | | **-** | (101,076) |
| | | | |
| **Total tax expense** | **(B)** | **283,217** | 92,293 |
| | | | |
| Net profit before tax | | **1,581,224** | 1,374,076 |
| Adjustment for share of income tax of equity-accounted investees | | **59,610** | 48,963 |
| | | | |
| Adjusted profit before tax | **(C)** | **1,640,834** | 1,423,039 |
| Adjustment for separately disclosed items | | **(24,827)** | 132,878 |
| | | | |
| **Adjusted profit before tax and before separately disclosed items** | **(D)** | **1,616,007** | 1,555,917 |
| | | | |
| **Effective tax rate** | **(B/C)** | **17.26%** | 6.49% |
| | | | |
| **Effective tax rate before separately disclosed items** | **(A/D)** | **17.53%** | 12.43% |

**8. Income tax**

**Group tax rates**

The Group is not subject to income tax on its UAE operations. The total tax expense relates to the tax payable on the profit earned by the overseas subsidiaries and equity-accounted investees as adjusted in accordance with the taxation laws and regulations of the countries in which they operate. The applicable tax rates in the regions in which the Group operates are set out below:

| *Geographical segments* | *Applicable corporate tax rate* |
|---|---|
| | |
| Asia Pacific and Indian subcontinent | 10% to 34.9% |
| Australia and Americas | 0% to 36.0% |
| Middle East, Europe and Africa | 0% to 34.0% |

Movement in temporary differences during the year:

| | **1 January 2018** | **Recognised in consolidated statement of profit or loss** | **Acquisitions in the period** | **Translation and other movements** | **31 December 2018** |
|---|---|---|---|---|---|
| | **USD'000** | **USD'000** | **USD'000** | **USD'000** | **USD'000** |
| *Deferred tax liabilities* | | | | | |
| Property, plant and equipment | 104,580 | 4,080 | 40,036 | (10,212) | **138,484** |
| Investment in equity-accounted investee | 22,979 | 1,701 | - | (1,514) | **23,166** |
| Fair value of acquired intangibles | 518,803 | (22,888) | 4,220 | (35,908) | **464,227** |
| Others | 305,885 | (4,306) | 888 | (773) | **301,694** |
| **Total before set off** | **952,247** | **(21,413)** | **45,144** | **(48,407)** | **927,571** |
| | | | | | |
| **Set off of deferred tax asset against liabilities** | (44,387) | | | | **(41,398)** |
| **Net deferred tax liabilities** | **907,860** | | | | **886,173** |
| | | | | | |
| *Deferred tax assets* | | | | | |
| Pension and post-employment benefits | 11,517 | 1,479 | 193 | (4,264) | **8,925** |
| Financial instruments | 6,682 | 657 | - | (4,723) | **2,616** |
| Provisions | 2,367 | 260 | 1,153 | (126) | **3,654** |
| Tax value of losses carried forward recognised | 23,821 | (1,471) | 5,394 | (1,541) | **26,203** |
| **Total before set off** | **44,387** | **925** | **6,740** | **(10,654)** | **41,398** |
| | | | | | |
| **Set off of deferred tax asset against liabilities** | (44,387) | | | | **(41,398)** |
| **Net deferred tax assets** | **-** | | | | **-** |

Deferred tax liabilities have been offset if certain criteria are met.

Deferred tax assets have not been recognised by some of the subsidiaries on their trading losses where utilisation is uncertain, either because they have not been agreed with tax authorities, or because they are not likely to generate taxable income in the foreseeable future to offset against these losses, or because of the impact of tax holidays. The Group will continuously review/monitor these unrecognised tax losses and will consider recognising them as deferred tax asset in future if there are any significant changes to these assumptions.

| | **2018** | | | 2017 | | |
|---|---|---|---|---|---|---|
| | **Gross amount** | **Tax effect** | | Gross amount | Tax effect | |
| | **USD'000** | **USD'000** | **Expiry date** | USD'000 | USD'000 | Expiry date |
| Trading losses - expire | **157,054** | **38,588** | **2019-2038** | 187,907 | 40,856 | 2018-2037 |
| Trading losses - never expire | **996,239** | **270,425** | **-** | 994,802 | 283,074 | - |
| Capital losses - never expire | **215,819** | **36,689** | **-** | 208,342 | 40,106 | - |

**9. Separately disclosed items**

| | **2018** | 2017 |
|---|---|---|
| | **USD'000** | USD'000 |
| Revenue | | |
| Construction contract revenue relating to service concessions | **-** | 14,053 |
| Cost of sales | | |
| Construction contract costs relating to service concessions | **-** | (14,053) |
| General and administrative expenses | | |
| - Acquisition costs, restructuring and other provisions | **(28,520)** | (14,699) |
| - Guaranteed minimum pension costs | **(27,744)** | - |
| Other income | **-** | 3,433 |
| Loss on disposal and change in ownership of business | **(3,591)** | (28,234) |
| Share of (loss)/ profit from equity-accounted investees | **(9,578)** | 4,172 |
| Finance income | **127,916** | 550 |
| Finance costs | **(33,656)** | (98,100) |
| Income tax | **-** | 101,076 |
| | | |
| Total | **24,827** | (31,802) |

**Construction contract revenue and costs**: In 2017, the Group has recorded revenue on the construction of a port in the 'Asia Pacific and Indian subcontinent' region in accordance with IFRIC 12 '*Service Concession Arrangements'*. The construction revenue represents the fair value of the construction services provided in developing the port. No margin has been recognised, as in management's opinion the fair value of the construction services provided approximates the construction cost.

**Acquisition costs, restructuring and other provisions** represent advisory, legal, valuation, professional consulting, general and administrative costs directly related to various business acquisitions in the Group and other restructuring provisions. (2017 represent advisory, legal, valuation, professional consulting, general and administrative costs directly related to various business acquisitions in the Group and reversal of excess restructuring provisions in a subsidiary in the 'Middle East, Europe and Africa' region).

**Guaranteed minimum pension costs** relates to additional costs arising in respect of "guaranteed minimum pension" (GMP) based on a landmark High Court judgment confirming that UK pension schemes are required to equalise male and female members' benefits for the effect of unequal GMPs.

**Other income** represents non-recurring income for subsidiaries in the 'Middle East, Europe and Africa' region in 2017.

**Loss on disposal and change in ownership of business** relates to the loss on sale of a subsidiary in the 'Middle East, Europe and Africa' region. (2017 relates to the loss on re-measurement to fair value of the existing stake resulting from the acquisition of a controlling stake in an equity-accounted investee in the 'Australia and Americas' region).

**Share of (loss)/ profit from equity-accounted investees** relates to transaction costs written off on extinguishment of debt and impairment of property, plant and equipment in equity-accounted investees in the 'Middle East, Europe and Africa' region and loss on termination of hedge in an equity-accounted investee in the 'Middle East, Europe and Africa' region. (2017 relates to release of deferred tax liability due to tax rate change in an equity-accounted investee in the 'Middle East, Europe and Africa' region offset by impairment of goodwill in an equity-accounted investee in the 'Asia Pacific and Indian subcontinent' region).

**Finance income comprises:**

a) USD 117,474 thousand change in fair value of convertible bond option relates to the movement based on the re-measured fair value of the embedded derivative liability of the convertible bonds.
b) USD 869 thousand (2017: USD 550 thousand) ineffective elements of hedges in subsidiaries in the 'Middle East, Europe and Africa' region and 'Asia Pacific and Indian subcontinent' region.
c) USD 9,573 thousand gain on early settlement of loans in a subsidiary in the 'Middle East, Europe and Africa' region.

### 9. Separately disclosed items (continued)

**Finance costs comprises:**

a) USD 22,068 thousand interest accretion on convertible bond represents the accretion of the liability component as at the reporting date to the amount that will be payable on redemption of the convertible bond. (2017: USD 21,066 thousand interest accretion on convertible bond and USD 77,034 thousand change in fair value of convertible bond option based on the re-measured fair value of the embedded derivative liability of the convertible bonds).
b) USD 5,885 thousand deferred transaction costs written off on early settlement and restructuring of loans in the 'Middle East, Europe and Africa' region.
c) USD 1,432 thousand ineffective elements of hedges in subsidiaries in the 'Middle East, Europe and Africa' region
d) USD 4,271 thousand impairment loss recognised on present valuation of receivables in a subsidiary in the 'Middle East, Europe and Africa' region.

**Income tax credit** relates to the release of deferred tax liability on account of a tax rate change in 2017.

### 10. Dividends

| | **2018** | 2017 |
|---|---|---|
| | **USD'000** | USD'000 |
| **Declared and paid during the year:** | | |
| Final dividend: 41 US cents per share/ 38 US cents per share | **340,300** | 315,400 |
| **Proposed for approval at the annual general meeting** | | |
| *(not recognised as a liability as at 31 December):* | | |
| Final dividend: 43 US cents per share/ 41 US cents per share | **356,900** | 340,300 |

### 11. Earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

| | **2018** | **2018** | 2017 | 2017 |
|---|---|---|---|---|
| | **Before separately disclosed items** | **Adjusted for separately disclosed items** | Before separately disclosed items | Adjusted for separately disclosed items |
| | **USD'000** | **USD'000** | USD'000 | USD'000 |
| Profit attributable to the ordinary shareholders of the Company (a) | **1,270,116** | **1,296,481** | 1,208,517 | 1,176,715 |
| Adjustment for costs/ (income) related to convertible bonds saved as a result of the conversion | **18,885** | **(76,521)** | 18,772 | 116,872 |
| **Profit attributable to the ordinary shareholders of the Company after conversion (b)** | **1,289,001** | **1,219,960** | 1,227,289 | 1,293,587 |
| Weighted average number of basic shares outstanding as at 31 December (c) | **830,000,000** | **830,000,000** | 830,000,000 | 830,000,000 |
| Weighted average numbers of shares due to conversion of convertible bond ** | **37,475,985** | **37,475,985** | 36,846,510 | 36,846,510 |
| **Total weighted average number of ordinary shares (diluted) outstanding – (d)** | **867,475,985** | **867,475,985** | 866,846,510 | 866,846,510 |
| **Basic earnings per share US cents – (a/c)** | **153.03** | **156.20** | 145.60 | 141.77 |
| **Diluted earnings per share US cents – (b/d)** | **148.59** | **140.63** | 141.58 | 141.77* |
| **Anti-diluted earnings per share US cents – (b/d)** | **-** | **-** | - | 149.23 |

* Diluted earnings per share (adjusted for separately disclosed items) for the year ended 31 December 2017 is equal to basic earnings per share (adjusted for separately disclosed items) as it is antidilutive.

** Effective 26 March 2018, the weighted average numbers of shares due to conversion of convertible bond has increased due to the reduction of conversion price from USD 27.1396 per share to USD 26.6837 on account of increase in dividend to USD 0.41 per share.

**12. Property, plant and equipment**

| | Land and buildings USD'000 | Plant and equipment USD'000 | Vessels USD'000 | Capital work-in-progress USD'000 | Total USD'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| As at 1 January 2017 | 4,171,575 | 4,265,781 | 278,250 | 1,325,605 | 10,041,211 |
| Acquired through business combination * | 6,542 | 391,172 | 40,707 | - | 438,421 |
| Additions during the year | 33,332 | 65,452 | 20,267 | 826,150 | 945,201 |
| Transfers from capital work-in-progress | 346,474 | 573,461 | 42,404 | (962,339) | - |
| Transfer from investment properties (refer to note 13) | - | 892 | - | - | 892 |
| Disposals | (14,897) | (79,407) | (7,494) | - | (101,798) |
| Translation adjustment | 85,339 | 187,437 | 21,345 | 41,298 | 335,419 |
| As at 31 December 2017 | 4,628,365 | 5,404,788 | 395,479 | 1,230,714 | 11,659,346 |
| | | | | | |
| **As at 1 January 2018** | **4,628,365** | **5,404,788** | **395,479** | **1,230,714** | **11,659,346** |
| Acquired through business combination * | **365,424** | **154,456** | **-** | **31,228** | **551,108** |
| Additions during the year | **49,205** | **111,202** | **48,128** | **601,768** | **810,303** |
| Transfers from capital work-in-progress | **139,016** | **165,036** | **760** | **(304,812)** | **-** |
| Transfer (to)/from investment properties (refer to note 13) | **(7,361)** | **225** | **-** | **-** | **(7,136)** |
| Derecognition due to loss of control (refer to note 24) | **(302,399)** | **(168,862)** | **-** | **(3,740)** | **(475,001)** |
| Disposals | **(25,584)** | **(65,651)** | **(29,131)** | **(1,417)** | **(121,783)** |
| Translation adjustment | **(102,673)** | **(182,506)** | **(16,945)** | **(20,077)** | **(322,201)** |
| **As at 31 December 2018** | **4,743,993** | **5,418,688** | **398,291** | **1,533,664** | **12,094,636** |
| | | | | | |
| **Depreciation and impairment** | | | | | |
| As at 1 January 2017 | 969,227 | 1,475,663 | 74,244 | - | 2,519,134 |
| Charge for the year | 144,389 | 252,720 | 21,826 | - | 418,935 |
| Impairment loss | - | 1,515 | - | - | 1,515 |
| On disposals | (7,485) | (49,412) | (7,494) | - | (64,391) |
| Translation adjustment | 20,160 | 56,008 | 10,614 | - | 86,782 |
| As at 31 December 2017 | 1,126,291 | 1,736,494 | 99,190 | - | 2,961,975 |
| | | | | | |
| **As at 1 January 2018** | **1,126,291** | **1,736,494** | **99,190** | **-** | **2,961,975** |
| Charge for the year | **157,976** | **293,036** | **28,621** | **-** | **479,633** |
| Derecognition due to loss of control (refer to note 24) | **(84,167)** | **(77,362)** | **-** | **-** | **(161,529)** |
| On disposals | **(19,710)** | **(62,994)** | **(11,623)** | **-** | **(94,327)** |
| Translation adjustment | **(14,128)** | **(30,726)** | **(7,044)** | **-** | **(51,898)** |
| **As at 31 December 2018** | **1,166,262** | **1,858,448** | **109,144** | **-** | **3,133,854** |
| **Net book value** | | | | | |
| At 31 December 2017 | 3,502,074 | 3,668,294 | 296,289 | 1,230,714 | 8,697,371 |
| **At 31 December 2018** | **3,577,731** | **3,560,240** | **289,147** | **1,533,664** | **8,960,782** |

* The net book value of assets acquired through business combinations was USD 551,108 thousand (2017: USD 438,421 thousand).

In the prior years, the Group had entered into agreements with third parties pursuant to which the Group participated in a series of linked transactions including leasing and sub-leasing of certain cranes of the Group ("the Crane French Lease Arrangements"). At 31 December 2018, cranes with aggregate net book value amounting to USD 193,410 thousand (2017: USD 210,017 thousand) were covered by these Crane French Lease Arrangements. These cranes are accounted for as property, plant and equipment as the Group retains all the risks and rewards incidental to the ownership of the underlying assets.

**12. Property, plant and equipment (continued)**

At 31 December 2018, property, plant and equipment with a carrying amount of USD 1,919,484 thousand (2017: USD 1,917,423 thousand) are pledged to bank loans (refer to note 30).

Borrowing costs capitalised to property, plant and equipment amounted to USD 3,515 thousand (2017: USD 5,121 thousand).

The fair value of property, plant and equipment recognised as a result of business combination was determined using the market approach model.

**13. Investment properties**

| | Land | Buildings and infrastructure | Under development | Total |
|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 |
| **Cost** | | | | |
| As at 1 January 2017 | 33,609 | 1,070,611 | 237,542 | 1,341,762 |
| Additions during the year | 2,450 | - | 96,434 | 98,884 |
| Transfers | - | 92,736 | (92,736) | - |
| Transfer to property, plant and equipment (refer to note 12) | - | - | (892) | (892) |
| Disposals | (251) | (15,500) | (1,196) | (16,947) |
| Translation adjustment | 1,609 | - | (287) | 1,322 |
| As at 31 December 2017 | 37,417 | 1,147,847 | 238,865 | 1,424,129 |
| | | | | |
| **As at 1 January 2018** | **37,417** | **1,147,847** | **238,865** | **1,424,129** |
| Additions during the year | **19,851** | **-** | **63,601** | **83,452** |
| Acquired through business combination * | **175,113** | **97,161** | **17** | **272,291** |
| Transfers | **873** | **214,881** | **(215,754)** | **-** |
| Transfer from/ (to) property, plant and equipment (refer to note 12) | **-** | **7,361** | **(225)** | **7,136** |
| Disposals | **-** | **(4,372)** | **-** | **(4,372)** |
| Translation adjustment | **(2,451)** | **-** | **(334)** | **(2,785)** |
| **As at 31 December 2018** | **230,803** | **1,462,878** | **86,170** | **1,779,851** |
| | | | | |
| **Depreciation and impairment** | | | | |
| As at 1 January 2017 | - | 61,437 | - | 61,437 |
| Depreciation charge for the year | - | 37,767 | - | 37,767 |
| Impairment charge for the year | - | 1,746 | - | 1,746 |
| As at 31 December 2017 | - | 100,950 | - | 100,950 |
| | | | | |
| **As at 1 January 2018** | **-** | **100,950** | **-** | **100,950** |
| Depreciation charge for the year | **-** | **47,471** | **-** | **47,471** |
| Impairment charge for the year | **1,492** | **7,808** | **-** | **9,300** |
| **As at 31 December 2018** | **1,492** | **156,229** | **-** | **157,721** |
| | | | | |
| **Net book value:** | | | | |
| As at 31 December 2017 | 37,417 | 1,046,897 | 238,865 | 1,323,179 |
| **As at 31 December 2018** | **229,311** | **1,306,649** | **86,170** | **1,622,130** |

* The net book value of assets acquired through business combinations was USD 272,291 thousand (2017: Nil).

Revenue on lease rentals from investment properties recognised in profit or loss amounted to USD 488,439 thousand (2017: USD 466,677 thousand) while associated costs related to these investment properties amounted to USD 67,673 thousand (2017: USD 114,478 thousand).

**Land:**

At 31 December 2018, the fair value of land was estimated to be USD 266,729 thousand (2017: USD 76,900 thousand) compared to the carrying value of USD 229,311 thousand (2017: USD 37,417 thousand).

**13. Investment properties (continued)**

**Buildings and infrastructure:**

At 31 December 2018, the fair value of buildings and infrastructure was USD 2,180,462 thousand (2017: USD 2,271,513 thousand) compared to the carrying value of USD 1,306,649 thousand (2017: USD 1,046,897 thousand).

**Investment properties under development:**

Investment properties under development mainly include infrastructure development, staff accommodation and office building in Jebel Ali Free Zone and Port Rashid, UAE. Based on management's assessment, the fair value of investment properties under development approximates their carrying value as at the reporting date.

**Key assumptions used in determination of the fair value of investment properties**

On an annual basis, the Group engages external, independent and qualified valuers who have the relevant experience to value such properties in order to determine the fair value of the Group's investment properties. The external valuation of the investment properties has been performed using income capitalization, comparable and residual methods of valuation. The external valuers, in discussion with the Group's management, have determined these inputs based on the current lease rates, specific market conditions and comparable benchmarking of rents and capital values and rentals in the wider corresponding market. The significant unobservable inputs used in the fair value measurement are as follows:

- Market rent (in the range of USD 81 to USD 816 per square metre per annum)
- Rent growth per annum (in the range of 2.5% to 7%)
- Historical and estimated long term occupancy rate (in the range of 80% to 95%)
- Yields rates (in the range of 8.70% to 11% per annum)

The fair value of investment properties are categorised under level 3 of fair value hierarchy and the Group considers the current use of these properties as their highest and best use.

**Sensitivity to changes in assumptions**

The estimated fair value would increase/ (decreases) due to increase/ (decrease) in market rent and rent growth rates. The fair value would also (decrease)/ increase if there is an increase/ (decrease) in yield rates.
.

**14. Intangible assets and goodwill**

| | Land use rights | Goodwill | Port concession rights and other intangible assets * | Total |
|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 |
| **Cost** | | | | |
| As at 1 January 2017 | 2,677,717 | 1,355,783 | 4,433,712 | 8,467,212 |
| Acquired through business combinations | - | - | 365,287 | 365,287 |
| Additions | - | - | 87,662 | 87,662 |
| Translation adjustment | - | 114,598 | 331,731 | 446,329 |
| As at 31 December 2017 | 2,677,717 | 1,470,381 | 5,218,392 | 9,366,490 |
| | | | | |
| **As at 1 January 2018** | **2,677,717** | **1,470,381** | **5,218,392** | **9,366,490** |
| Acquired through business combinations | **-** | **663,824** | **739,723** | **1,403,547** |
| Additions | **-** | **-** | **14,470** | **14,470** |
| Translation adjustment | **-** | **(83,197)** | **(341,948)** | **(425,145)** |
| **As at 31 December 2018** | **2,677,717** | **2,051,008** | **5,630,637** | **10,359,362** |
| | | | | |
| **Amortisation and impairment** | | | | |
| As at 1 January 2017 | 52,308 | - | 1,125,766 | 1,178,074 |
| Charge for the year | 29,200 | - | 146,308 | 175,508 |
| Translation adjustment | - | - | 92,254 | 92,254 |
| As at 31 December 2017 | 81,508 | - | 1,364,328 | 1,445,836 |
| | | | | |
| **As at 1 January 2018** | **81,508** | **-** | **1,364,328** | **1,445,836** |
| Charge for the year | **29,200** | **-** | **166,730** | **195,930** |
| Translation adjustment | **-** | **-** | **(115,555)** | **(115,555)** |
| **As at 31 December 2018** | **110,708** | **-** | **1,415,503** | **1,526,211** |
| | | | | |
| **Net book value:** | | | | |
| As at 31 December 2017 | 2,596,209 | 1,470,381 | 3,854,064 | 7,920,654 |
| **As at 31 December 2018** | **2,567,009** | **2,051,008** | **4,215,134** | **8,833,151** |

* Other intangible assets mainly include customer relationships with a net book value of USD 226,963 thousand (2017: USD 19,878 thousand) which is amortised over a period of 15 years.

Port concession rights include concession agreements which are mainly accounted for as part of business combinations and acquisitions. These concessions were determined to have finite and indefinite useful lives based on the terms of the respective concession agreements and the income approach model was used for the purpose of determining their fair values.

**15. Properties held for development and sale**

| | 2018 |
|---|---|
| | USD'000 |
| Balance at 1 January | - |
| Acquired through business combination | **305,339** |
| Additions during the year | **64,427** |
| Charge to income statement | **(108,042)** |
| **As at 31 December** | **261,724** |

Properties held for development and sale consist of cost of land and related improvements comprising of certain plots of land in the commercial precinct located within the Dubai Maritime City. These properties were acquired through business combinations (refer to note 24).

The Group has future commitments towards infrastructure development of USD 198,721 thousand to be incurred over a period of 14 years in relation to these properties.

On an annual basis, the Group engages external, independent and qualified valuers who have the relevant experience for the purpose of estimating the net realisable value of properties held for development and sale. The value of these properties have been determined by using the discounted cash flow model using inputs based on the current lease rates, specific market conditions and comparable benchmarking of rents and capital values and rentals in the wider corresponding market.

The fair value of these properties are categorised under level 3 of fair value hierarchy.

## 16. Impairment testing

Goodwill acquired through business combinations and port concession rights with indefinite useful lives have been allocated to various cash-generating units, for the purpose of impairment testing.

Impairment testing is done at an operating port (or group of ports) level that represents an individual CGU. Details of the CGUs by operating segment are shown below:

| | **Carrying amount of goodwill** | | **Carrying amount of port concession rights with indefinite useful life** | | **Discount rates** | **Terminal value growth rate** |
|---|---|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 | | |
| | **USD'000** | USD'000 | **USD'000** | USD'000 | | |
| **Cash-generating units aggregated by operating segment** | | | | | | |
| Asia Pacific and Indian subcontinent | **317,021** | 233,570 | **-** | - | 6.50% - 11.50% | 2.50% |
| Australia and Americas | **362,564** | 342,650 | **-** | - | 6.00% - 13.50% | 2.50% |
| Middle East, Europe and Africa | **1,371,423** | 894,161 | **803,606** | 848,880 | 6.00% - 16.50% | 2.50% |
| **Total** | **2,051,008** | 1,470,381 | **803,606** | 848,880 | | |

The recoverable amount of the CGU has been determined based on their value in use calculated using cash flow projections based on the financial budgets approved by management covering a three year period and a further outlook for five years, which is considered appropriate in view of the outlook for the industry and the long-term nature of the concession agreements held i.e. generally for a period of 25-50 years.

**Key assumptions used in value in use calculations**

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill and port concession rights with indefinite useful lives.

*Budgeted margins* – The basis used to determine the value assigned to the budgeted margin is the average gross margin achieved in the year immediately before the budgeted year, adjusted for expected efficiency improvements, price fluctuations and manpower costs.

*Discount rates* – These represent the cost of capital adjusted for the risks associated with the cash flows of the CGU being valued. The Group uses the post-tax Weighted Average Cost of Capital that represents a market participant discount rate.

*Cost inflation* – The forecast general price index is used to determine the cost inflation during the budget year for the relevant countries where the Group is operating.

*Terminal value growth rate* – In management's view, the terminal value growth rate is the minimum growth rate expected to be achieved beyond the eight year period. This is based on the overall regional economic growth forecasted and the Group's existing internal capacity changes for a given region. The Group also takes into account competition and regional capacity growth to provide a comprehensive growth assumption for the entire portfolio.

The values assigned to key assumptions are consistent with the past experience of management.

**Sensitivity to changes in assumptions**

The calculation of value in use for the CGU is sensitive to future earnings and therefore a sensitivity analysis was performed. The analysis demonstrated that a 10% decrease in earnings for a future period of three years from the reporting date would not result in significant impairment. Similarly, an increase of 0.25% in discount rate and decrease of 0.25% in terminal value growth rate would not result in significant impairment.

## Notes to the consolidated financial statements *(continued)*

### 17. Investment in equity-accounted investees

The following table summarises the segment wise financial information for equity-accounted investees, adjusted for fair value adjustments (using income approach model) at acquisition together with the carrying amount of the Group's interest in equity-accounted investees as included in the consolidated statement of financial position:

| | **Asia Pacific and Indian subcontinent** | | **Australia and Americas** | | **Middle East, Europe and Africa** | | **Total** | |
|---|---|---|---|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 |
| | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 |
| | | | | | | | | |
| Cash and cash equivalents | **528,727** | 619,948 | **172,335** | 138,293 | **308,196** | 239,142 | **1,009,258** | 997,383 |
| Other current assets | **283,398** | 186,374 | **142,351** | 106,289 | **256,118** | 265,891 | **681,867** | 558,554 |
| Non-current assets | **6,006,312** | 6,396,749 | **1,798,701** | 1,586,116 | **2,710,080** | 2,813,120 | **10,515,093** | 10,795,985 |
| **Total assets** | **6,818,437** | 7,203,071 | **2,113,387** | 1,830,698 | **3,274,394** | 3,318,153 | **12,206,218** | 12,351,922 |
| | | | | | | | | |
| Current financial liabilities | **30,912** | 25,951 | **2,016** | 17,027 | **33,438** | 61,144 | **66,366** | 104,122 |
| Other current liabilities | **469,995** | 434,519 | **191,520** | 181,136 | **316,002** | 293,921 | **977,517** | 909,576 |
| Non-current financial liabilities | **731,162** | 973,497 | **1,485,084** | 1,282,768 | **742,111** | 579,555 | **2,958,357** | 2,835,820 |
| Other non-current liabilities | **571,602** | 430,311 | **43,289** | 17,105 | **400,004** | 583,467 | **1,014,895** | 1,030,883 |
| **Total liabilities** | **1,803,671** | 1,864,278 | **1,721,909** | 1,498,036 | **1,491,555** | 1,518,087 | **5,017,135** | 4,880,401 |
| **Net assets (100%)** | **5,014,766** | 5,338,793 | **391,478** | 332,662 | **1,782,839** | 1,800,066 | **7,189,083** | 7,471,521 |
| **Group's share of net assets in equity-accounted investees** | | | | | | | **2,101,425** | 2,172,683 |
| | | | | | | | | |
| Revenue | **1,451,106** | 1,375,504 | **622,280** | 656,529 | **832,827** | 746,085 | **2,906,213** | 2,778,118 |
| Depreciation and amortisation | **(280,241)** | (263,768) | **(73,543)** | (92,531) | **(119,954)** | (107,066) | **(473,738)** | (463,365) |
| Other expenses | **(578,578)** | (566,946) | **(452,781)** | (458,788) | **(580,194)** | (526,943) | **(1,611,553)** | (1,552,677) |
| Interest expense | **(74,136)** | (70,211) | **(154,283)** | (223,476) | **(61,689)** | (46,505) | **(290,108)** | (340,192) |
| Other finance income | **19,676** | 21,225 | **4,238** | 51,386 | **1,049** | (646) | **24,963** | 71,965 |
| Income tax expense | **(138,848)** | (138,080) | **(500)** | (26,530) | **(16,016)** | (17,487) | **(155,364)** | (182,097) |
| **Net profit/ (loss) (100%)** | **398,979** | 357,724 | **(54,589)** | (93,410) | **56,023** | 47,438 | **400,413** | 311,752 |
| | | | | | | | | |
| **Group's share of profit (before separately disclosed items)** | | | | | | | **165,067** | 123,592 |
| **Group's share of dividends received** | | | | | | | **207,752** | 114,695 |
| **Group's share of other comprehensive income** | | | | | | | **843** | 3,988 |

**18. Accounts receivable and prepayments**

| | **2018** | **2018** | 2017 | 2017 |
|---|---|---|---|---|
| | **Non-current** | **Current** | Non-current | Current |
| | **USD'000** | **USD'000** | USD'000 | USD'000 |
| | | | | |
| Trade receivables (net) | **-** | **659,383** | - | 454,052 |
| Advances paid to suppliers | **-** | **108,858** | - | 69,776 |
| Other receivables and prepayments | **231,720** | **549,782** | 167,886 | 298,160 |
| Due from related parties (refer to note 26) | **342,850** | **60,156** | 313,855 | 49,554 |
| **Total** | **574,570** | **1,378,179** | 481,741 | 871,542 |

The Group's exposure to credit and currency risks are disclosed in note 27.

**19. Cash and cash equivalents**

| | **2018** | 2017 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Cash at banks and in hand | **713,083** | 651,675 |
| Short-term deposits | **1,862,758** | 815,854 |
| Deposits under lien | **38,869** | 16,150 |
| **Cash and cash equivalents for consolidated statement of cash flows** | **2,614,710** | 1,483,679 |

Short-term deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit market rates.

The deposits under lien are placed to collateralise some of the borrowings of the Company's subsidiaries.

**Cash flow information**

| | | **2018** | 2017 |
|---|---|---|---|
| | *Note* | **USD'000** | USD'000 |
| **Cash flows from operating activities** | | | |
| Profit for the year | | **1,357,617** | 1,330,746 |
| *Adjustments for:* | | | |
| Depreciation and amortization | *6* | **817,035** | 632,210 |
| Impairment loss | *6* | **9,300** | 3,602 |
| Share of profit from equity-accounted investees (net of tax) | | **(155,489)** | (127,764) |
| Finance costs | *7* | **609,547** | 523,510 |
| Gain on sale of property, plant and equipment | | **(9,702)** | (5,172) |
| Loss on disposal and change in ownership of business | *9* | **3,591** | 28,234 |
| Finance income | *7* | **(269,244)** | (96,090) |
| Income tax expense | *8* | **223,607** | 43,330 |
| **Gross cash flows from operations** | | **2,586,262** | 2,332,606 |

**20. Employees' end of service benefits**

Movements in the provision recognised in the consolidated statement of financial position are as follows:

| | **2018** | 2017 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| As at 1 January | **122,230** | 112,594 |
| Transferred on acquisition of entities under common control | **35,612** | - |
| Provision made during the year | **35,446** | 20,560 |
| Amounts paid during the year | **(31,659)** | (12,607) |
| Actuarial loss on defined benefit plan | **2,048** | - |
| Translation | **(4,444)** | 1,683 |
| **As at 31 December** | **159,233** | 122,230 |

**20. Employees' end of service benefits (continued)**

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations at 31 December 2018 in respect of employees' end of service benefits payable under relevant local regulations and contractual arrangements. The assessment assumed expected salary increases averaging 3.50% and a discount rate of 3.75% per annum. The present values of the defined benefit obligations at 31 December 2018 were computed using the actuarial assumptions set out above.

In addition to the above, the Group contributes 15% of the 'contribution calculation salary' in case of those employees who are UAE nationals. These employees are also required to contribute 5% of the 'contribution calculation salary' to the scheme. The Group's contribution is recognised as an expense in the consolidated statement of profit or loss as incurred.

**21. Pension and post-employment benefits**

The Group participates in a number of pension schemes throughout the world.

**a) P&O Pension Scheme**

This principal scheme is located in the UK (the "P&O UK Scheme"). The P&O UK Scheme is a funded defined benefit scheme and was closed to routine new members on 1 January 2002 and to future accrual on 31 December 2015. The pension fund is legally separated from the Group and managed by a Trustee board. The assets of the scheme are managed on behalf of the Trustee by independent fund managers.

Formal actuarial valuations of the P&O UK scheme are normally carried out triennially by qualified independent actuaries, the most recent valuation was at 31 March 2016 using the projected unit credit method. The deficit on a statutory funding objectives basis was USD 116,362 thousand. The Group agreed with the Trustee to a new monthly deficit payment plan effective from 1 April 2016 of USD 11,508 thousand until 31 March 2020, then increasing to a total of USD 13,107 thousand until 31 March 2024 and then increasing to USD 15,344 thousand a year until 30 November 2026.

In December 2007, as part of a process developed with the Group to de-risk the pension scheme, the Trustee transferred USD 1,600,000 thousand of P&O UK Scheme assets to Paternoster (UK) Ltd, in exchange for a bulk annuity insurance policy to ensure that the assets (in the Company's statement of financial position and in the Scheme) will always be equal to the current value of the liability of the pensions in payment at 30 June 2007, thus removing the funding risks for these liabilities.

In 2017, the Group entered into a Flexible Apportionment Arrangement which enabled a related party to withdraw as an employer from the P&O Pension Scheme, following which all current and future deficit liabilities of the Scheme were taken over by the Group with an additional cash contribution of USD 17,583 thousand.

**b) Merchant Navy Officers' Pension Fund ("MNOPF Scheme")**

The Group participates in various industry multi-employer schemes, the most significant of which is the New Section of the MNOPF Scheme and is in the UK. These generally have assets held in separate trustee administered funds which are legally separated from the Group.

It is an industry wide multi-employer defined benefit scheme in which officers employed by companies within the Group have participated.

The most recent formal actuarial valuation of the New Section of MNOPF Scheme was carried out as at 31 March 2015. This resulted in a deficit of USD 4,058 thousand. The Trustee Board believe their investment strategy will address this deficit and therefore has not issued deficit contribution notices to employers in respect of the 2015 actuarial valuation. The New Section of the MNOPF Scheme closed to future accrual in April 2016.

Following earlier actuarial valuations in 2009 and 2012 the Trustee and Employers agreed contributions to be paid to the Section by participating employers over the period to 30 September 2023. These contributions included an allowance for the impact of irrecoverable contributions in respect of companies no longer in existence or not able to pay their share. In September 2017, the Trustee offered a settlement sum of USD 18,839 thousand to the Group which would clear the outstanding contributions (due payable bi-annually to September 2023) and save the Group USD 2,653 thousand in future interest payments. The Group agreed and settled the payment on 28 September 2017. There are no outstanding contributions due by the Group in 2019.

**21. Pension and post-employment benefits (continued)**

The triennial actuarial valuation as at 31 March 2018 is yet to be finalised. The initial indications given by the Trustee Board is that, there is an immaterial deficit.

In 2016, Group has accounted for an amount of USD 91,281 thousand as an additional defined benefit obligation with regards to reapportionment of deficit contribution from a related party. In April 2017, this liability was borne and paid by the Parent Company.

The Group's share of the net deficit of the MNOPF Scheme at 31 December 2018 is estimated at 5.36%.

**c) Merchant Navy Ratings' Pension Fund ("MNRPF Scheme")**

The MNRPF Scheme is an industry wide multi-employer defined benefit pension scheme in which sea staff employed by companies within the Group have participated. The scheme has a significant funding deficit and has been closed to further benefit accrual from 2001.

Certain Group companies, which are no longer current employers in the MNRPF Scheme had settled their statutory debt obligation and were not considered to have any legal obligation with respect to the on-going deficit in the fund. However, following a legal challenge, by Stena Line Limited, the High Court decided that the Trustee could require all employers that had ever participated in the scheme to make contributions to fund the deficit. Although the Group appealed, the decision was not overturned.

The Group's deficit contributions arising from the 31 March 2014 valuation totalled USD 36,187 thousand. The most recent formal actuarial valuation was carried out as at 31 March 2017. The Group's deficit contributions arising from this valuation totalled USD 9,874 thousand. The contributions due to the Scheme in respect of this valuation will be paid over the period to 31 October 2023. The combined total annual deficit contributions arising from the 2014 and 2017 actuarial valuations to be paid in 2019 of USD 5,862 thousand, in 2020 to 2022 of USD 5,716 thousand per annum and USD 1,181 thousand in 2023.

The Trustee set the payment terms for each participating employer in accordance with the Trustee's Contribution Collection Policy which includes credit vetting.

The Group's share of the net deficit of the New Section at 31 December 2018 is estimated at 7.38%.

**d) Others**

The Group also operates a number of smaller defined benefit and defined contribution schemes.

The board of a pension scheme in the UK is required by law to act in the best interests of the fund participants and is responsible for setting certain policies (e.g. investment, contributions and indexation policies) and determining recovery plans, if appropriate.

These defined benefit schemes expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. In addition, by participating in certain multi-employer industry schemes, the Group can be exposed to a pro-rata share of the credit risk of other participating employers.

*Reconciliation of assets and liabilities recognised in the consolidated statement of financial position*

| | **2018** | 2017 |
|---|---|---|
| | **USD'000** | USD'000 |
| **Non-current** | | |
| Defined benefit schemes net liabilities | **156,762** | 187,037 |
| Liability in respect of long service leave | **167** | 331 |
| Liability for other non-current deferred compensation | **153** | 202 |
| | **157,082** | 187,570 |
| **Current** | | |
| Liability for current deferred compensation | **7,066** | 7,324 |
| | | |
| **Net liabilities** | **164,148** | 194,894 |
| | | |
| *Reflected in the consolidated statement of financial position as follows:* | | |
| Employee benefits assets (included within non-current receivables) | **-** | - |
| Employee benefits liabilities: Non-current | **157,082** | 187,570 |
| Employee benefits liabilities: Current | **7,066** | 7,324 |

**21. Pension and post-employment benefits (continued)**

Long term employee benefit expense recognised in consolidated statement of profit and loss consist of following:

| | **2018** | 2017 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Defined benefit schemes * | **36,281** | 7,722 |
| Defined contribution schemes | **12,500** | 11,664 |
| Other employee benefits | **988** | 1,545 |
| **Total** | **49,769** | 20,931 |

* This includes USD 27,744 thousand additional costs arising in 2018 in respect of "guaranteed minimum pension" (GMP) based on a landmark High Court judgment in the UK (refer to note 9).

The re-measurements of the net defined benefit liability gross of tax recognised in the consolidated statement of other comprehensive income is as follows:

| | **2018** | 2017 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Actuarial gain recognised in the year | **(124,982)** | (51,610) |
| Return on plan assets greater/ (lesser) than the discount rate | **120,786** | (58,045) |
| Change in share in multi-employer scheme | **133** | 643 |
| Movement in minimum funding liability | **(26,944)** | 108,881 |
| | | |
| **Total** | **(31,007)** | (131) |

**Actuarial valuations and assumptions**

The latest valuations of the defined benefit schemes have been updated to 31 December 2018 by qualified independent actuaries. The principal assumptions are included in the table below. The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not necessarily be borne out in practice.

| | **P&O UK scheme** | **MNOPF scheme** | **Other schemes** | P&O UK scheme | MNOPF scheme | Other schemes |
|---|---|---|---|---|---|---|
| | **2018** | **2018** | **2018** | 2017 | 2017 | 2017 |
| | | | | | | |
| Discount rates | **2.85%** | **2.85%** | **3.00%** | 2.50% | 2.50% | 2.50% |
| Discount rates bulk annuity asset | **2.65%** | **-** | **-** | 2.30% | - | - |
| Expected rates of salary increases | **-*** | **-*** | **2.4%** | -* | -* | 2.4% |
| Pension increases: | | | | | | |
| deferment | **3.00%** | **2.55%** | **2.80%** | 3.00% | 2.45% | 2.80% |
| payment | **3.00%** | **3.45%** | **3.20%** | 3.00% | 3.35% | 3.10% |
| Inflation | **3.55%** | **3.55%** | **3.30%** | 3.45% | 3.45% | 3.30% |

* The P&O UK Scheme and MNOPF were closed to future accrual as at 31 March 2016, so future pay increases are not relevant.

### 21. Pension and post-employment benefits (continued)

The assumptions for pensioner longevity under both the P&O UK Scheme and the New Section of the MNOPF Scheme are based on an analysis of pensioner death trends under the respective schemes over many years.

For illustration, the life expectancies for the two schemes at age 65 now and in the future are detailed in the table below.

| | Male | | Female | |
|---|---|---|---|---|
| | **Age 65 now** | **Age 65 in 20 years' time** | **Age 65 now** | **Age 65 in 20 years' time** |
| **2018** | | | | |
| **P&O UK scheme** | **21.6** | **23.2** | **23.5** | **25.3** |
| **MNOPF scheme** | **23.2** | **26.1** | **26.6** | **29.4** |
| | | | | |
| 2017 | | | | |
| P&O UK scheme | 21.9 | 23.7 | 23.8 | 25.6 |
| MNOPF scheme | 23.0 | 26.0 | 26.4 | 29.3 |

At 31 December 2018, the weighted average duration of the defined benefit obligation was 14.0 years (2017: 15.6 years).

Reasonably possible changes to one of the actuarial assumptions, holding other assumptions constant (in practice, this is unlikely to occur, and changes in some of the assumptions may be correlated), would have increased the net defined benefit liability as at 31 December 2018 by the amounts shown below:

| | **USD'000** |
|---|---|
| 0.1% reduction in discount rate | **4,500** |
| 0.1% increase in inflation assumption and related assumptions | **1,800** |
| 0.25% p.a. increase in the long term rate of mortality improvement | **2,000** |

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The schemes' strategic asset allocations across the sectors of the main asset classes are:

| | **P&O UK scheme** | **MNOPF scheme** | **Other schemes** | **Total group schemes fair value** |
|---|---|---|---|---|
| | **USD'000** | **USD'000** | **USD'000** | **USD'000** |
| **2018** | | | | |
| Equities | **199,733** | **65,214** | **58,053** | **323,000** |
| Bonds | **248,068** | **150,759** | **173,134** | **571,961** |
| Other | **270,317** | **-** | **36,443** | **306,760** |
| Value of insured pensioner liability | **901,228** | **-** | **2,430** | **903,658** |
| | | | | |
| **Total** | **1,619,346** | **215,973** | **270,060** | **2,105,379** |
| | | | | |
| 2017 | | | | |
| Equities | 260,221 | 89,400 | 66,002 | 415,623 |
| Bonds | 349,486 | 164,735 | 184,887 | 699,108 |
| Other | 190,432 | - | 38,005 | 228,437 |
| Value of insured pensioner liability | 1,033,581 | - | 2,840 | 1,036,421 |
| | | | | |
| Total | 1,833,720 | 254,135 | 291,734 | 2,379,589 |

With the exception of the insured pensioner liability, all material investments have quoted prices in active markets.

**21. Pension and post-employment benefits (continued)**

Reconciliation of the opening and closing present value of defined benefit obligations for the period ended 31 December 2018 and 31 December 2017:

| | **P&O UK scheme** | **MNOPF scheme** | **Other schemes** | **Total group schemes** | P&O UK scheme | MNOPF scheme | Other schemes | Total group schemes |
|---|---|---|---|---|---|---|---|---|
| | **2018** | **2018** | **2018** | **2018** | 2017 | 2017 | 2017 | 2017 |
| | **USD'000** | **USD'000** | **USD'000** | **USD'000** | USD'000 | USD'000 | USD'000 | USD'000 |
| | | | | | | | | |
| **Present value of obligation at 1 January** | **(1,842,376)** | **(227,085)** | **(355,558)** | **(2,425,019)** | (1,763,587) | (223,797) | (317,436) | (2,304,820) |
| | | | | | | | | |
| Employer's interest cost | **(44,284)** | **(5,469)** | **(8,720)** | **(58,473)** | (45,046) | (5,663) | (8,668) | (59,377) |
| Employer's current service cost | **-** | **-** | **(4,002)** | **(4,002)** | - | - | (4,118) | (4,118) |
| Employer's past service cost* | **(23,743)** | **(1,067)** | **(2,934)** | **(27,744)** | - | - | - | - |
| Contributions by scheme participants | **-** | **-** | **(1,200)** | **(1,200)** | - | - | (1,158) | (1,158) |
| Effect of movement in exchange rates | **95,931** | **11,806** | **18,228** | **125,965** | (164,505) | (20,534) | (30,484) | (215,523) |
| Benefits paid | **93,504** | **12,672** | **14,539** | **120,715** | 92,022 | 10,811 | 10,167 | 113,000 |
| Experience (losses)/ gains on scheme liabilities | **-** | **(1,734)** | **133** | **(1,601)** | 9,653 | 8,366 | (1,287) | 16,732 |
| Change in share in multi-employer scheme | **-** | **-** | **(5,869)** | **(5,869)** | (7,979) | 3,346 | - | (4,633) |
| Actuarial gain on scheme liabilities due to change in demographic assumptions | **9,737** | **-** | **7,470** | **17,207** | 33,977 | - | 2,574 | 36,551 |
| Actuarial gains/(losses) on scheme liabilities due to change in financial assumptions | **76,030** | **9,737** | **23,609** | **109,376** | 3,089 | 386 | (5,148) | (1,673) |
| | | | | | | | | |
| **Present value of obligation at 31 December** | **(1,635,201)** | **(201,140)** | **(314,304)** | **(2,150,645)** | (1,842,376) | (227,085) | (355,558) | (2,425,019) |

* This relates to additional costs arising in respect of "guaranteed minimum pension" (GMP) based on a landmark High Court judgment in the UK (refer to note 9)

**21. Pension and post-employment benefits (continued)**

Reconciliation of the opening and closing present value of fair value of scheme assets for the period ended 31 December 2018 and 31 December 2017:

| | **P&O UK scheme** | **MNOPF scheme** | **Other schemes** | **Total group schemes** | P&O UK scheme | MNOPF scheme | Other schemes | Total group schemes |
|---|---|---|---|---|---|---|---|---|
| | **2018** | **2018** | **2018** | **2018** | 2017 | 2017 | 2017 | 2017 |
| | **USD'000** | **USD'000** | **USD'000** | **USD'000** | USD'000 | USD'000 | USD'000 | USD'000 |
| | | | | | | | | |
| Fair value of scheme assets at 1 January | **1,833,720** | **254,135** | **291,734** | **2,379,589** | 1,644,591 | 126,649 | 243,794 | 2,015,034 |
| Interest income on assets | **44,151** | **6,136** | **7,154** | **57,441** | 42,214 | 5,148 | 6,821 | 54,183 |
| Return on plan assets (lesser) / greater than the discount rate | **(78,698)** | **(18,407)** | **(23,681)** | **(120,786)** | 45,432 | 3,346 | 9,267 | 58,045 |
| Contributions by employer | **12,005** | **-** | **18,674** | **30,679** | 28,958 | 116,217 | 17,375 | 162,550 |
| Contributions by scheme participants | **-** | **-** | **1,200** | **1,200** | - | - | 1,158 | 1,158 |
| Effect of movement in exchange rates | **(95,127)** | **(12,819)** | **(15,284)** | **(123,230)** | 159,013 | 17,704 | 24,516 | 201,233 |
| Benefits paid | **(93,504)** | **(12,672)** | **(14,539)** | **(120,715)** | (92,022) | (10,811) | (10,167) | (113,000) |
| Change in share in multi-employer scheme | **-** | **-** | **5,736** | **5,736** | 7,722 | (3,732) | - | 3,990 |
| Administration costs incurred during the year | **(3,201)** | **(400)** | **(934)** | **(4,535)** | (2,188) | (386) | (1,030) | (3,604) |
| | | | | | | | | |
| **Fair value of scheme assets at 31 December** | **1,619,346** | **215,973** | **270,060** | **2,105,379** | 1,833,720 | 254,135 | 291,734 | 2,379,589 |
| | | | | | | | | |
| Defined benefit schemes net liabilities | **(15,855)** | **14,833** | **(44,244)** | **(45,266)** | (8,656) | 27,050 | (63,824) | (45,430) |
| Minimum funding liability | **(80,174)** | **(14,833)** | **(16,489)** | **(111,496)** | (103,872) | (27,050) | (10,685) | (141,607) |
| | | | | | | | | |
| **Net liability recognised in the consolidated statement of financial position at 31 December** | **(96,029)** | **-** | **(60,733)** | **(156,762)** | (112,528) | - | (74,509) | (187,037) |

### 21. Pension and post-employment benefits (continued)

A minimum funding liability arises where the statutory funding requirements are such that future contributions in respect of past service will result in a future unrecognisable surplus.

The below table shows the movement in minimum funding liability:-

| | **2018** | 2017 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Minimum funding liability as on 1 January | **(141,607)** | (24,194) |
| Employer's interest cost | **(3,468)** | (643) |
| Actuarial gain/ (loss) during the year | **26,944** | (108,881) |
| Effect of movement in exchange rates | **6,635** | (7,889) |
| | | |
| **Minimum funding liability as on 31 December** | **(111,496)** | (141,607) |

It is anticipated that the Group will make the following contributions to the pension schemes in 2019:

| | **P&O UK scheme** | **MNOPF scheme** | **Other schemes** | **Total group schemes** |
|---|---|---|---|---|
| | **USD'000** | **USD'000** | **USD'000** | **USD'000** |
| | | | | |
| Pension scheme contributions | **11,508** | **-** | **12,403** | **23,911** |

### 22. Accounts payable and accruals

| | **2018** | **2018** | 2017 | 2017 |
|---|---|---|---|---|
| | **Non-current** | **Current** | Non-current | Current |
| | **USD'000** | **USD'000** | USD'000 | USD'000 |
| | | | | |
| Trade payables | **-** | **324,185** | - | 197,946 |
| Other payables and accruals | **151,593** | **1,914,885** | 141,363 | 1,698,238 |
| Provisions* | **586** | **49,984** | 889 | 39,355 |
| Fair value of derivative financial instruments | **193,288** | **773** | 339,966 | - |
| Amounts due to related parties (refer to note 26) | **-** | **15,900** | - | 12,242 |
| | | | | |
| **As at 31 December** | **345,467** | **2,305,727** | 482,218 | 1,947,781 |

* During the current year, additional provision of USD 45,224 thousand was made (2017: USD 21,227 thousand) and an amount of USD 34,898 thousand was utilised (2017: USD 39,063 thousand).

### 23. Non-controlling interests ('NCI')

The following table summarises the financial information for the material NCI of the Group:

| | **Middle East, Europe and Africa region** | **Asia Pacific and Indian subcontinent** | **Australia and Americas** | **Other subsidiaries*** | **Total** | Middle East, Europe and Africa region | Asia Pacific and Indian subcontinent | Australia and Americas | Other subsidiaries* | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2018** | **2018** | **2018** | **2018** | **2018** | 2017 | 2017 | 2017 | 2017 | 2017 |
| | **USD'000** | **USD'000** | **USD'000** | **USD'000** | **USD'000** | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| ***Balance sheet information:*** | | | | | | | | | | |
| Non-current assets | - | 937,532 | 1,045,943 | | | 292,405 | 531,769 | 939,020 | | |
| Current assets | - | 220,275 | 467,645 | | | 117,453 | 155,497 | 393,979 | | |
| Non-current liabilities | - | (82,979) | (847,466) | | | (912) | (20,163) | (851,750) | | |
| Current liabilities | - | (69,426) | (348,080) | | | (19,565) | (31,056) | (325,951) | | |
| **Net assets (100%)** | - | 1,005,402 | 318,042 | | | 389,381 | 636,047 | 155,298 | | |
| Carrying amount of fair value adjustments excluding goodwill | - | 194,982 | 155,702 | | | - | 205,144 | 170,147 | | |
| **Total** | - | 1,200,384 | 473,744 | | | 389,381 | 841,191 | 325,445 | | |
| **Carrying amount of NCI as at 31 December** | - | 381,621 | 182,582 | 123,517 | 687,720 | 259,837 | 285,727 | 146,450 | 119,187 | 811,201 |
| ***Statement of profit or loss information:*** | | | | | | | | | | |
| Revenue | - | 282,679 | 351,423 | | | 237,235 | 224,141 | 310,274 | | |
| Profit after tax | - | 56,936 | 37,091 | | | 130,309 | 63,569 | 30,233 | | |
| Other comprehensive income, net of tax | - | (48,871) | (28,340) | | | 546 | 95,976 | 32,318 | | |
| | | | | | | | | | | |
| Total comprehensive income (100%), net of tax | - | 8,065 | 8,751 | | | 130,855 | 159,545 | 62,551 | | |
| Profit allocated to NCI | - | 19,019 | 16,691 | 25,426 | 61,136 | 86,903 | 21,594 | 13,605 | 31,929 | 154,031 |
| Other comprehensive income attributable to NCI | - | (17,344) | (12,753) | (1,268) | (31,365) | 364 | 32,603 | 14,543 | 556 | 48,066 |
| Total comprehensive income attributable to NCI | - | 1,675 | 3,938 | 24,158 | 29,771 | 87,267 | 54,197 | 28,148 | 32,485 | 202,097 |
| ***Cash flow statement information:*** | | | | | | | | | | |
| Cash flows from operating activities | - | 86,315 | 124,247 | | | (30,806) | 105,407 | 49,291 | | |
| Cash flows from investing activities | - | (27,915) | (167,984) | | | (10,072) | (64,858) | (99,666) | | |
| Cash flows from financing activities | - | (69,563) | 79,573 | | | (151,995) | (50,425) | 55,902 | | |
| Dividends paid to NCI | - | 23,760 | - | | | 198,375 | 17,332 | - | | |

* There are no material subsidiaries with NCI in the other operating segments of the Group.

**24. Business combinations**

***Acquisition of new subsidiaries***

(a) On 11 January 2018, the Group acquired 100% stake in Drydocks World LLC ('DDW') in United Arab Emirates from its Ultimate Parent Company by means of a capital injection of USD 225,000 thousand. DDW is a market leader in the ship repair business with the largest ship repair yard in the Middle East. The business delivers stable ship and rig repair revenues and has specialist capabilities in niche ship newbuilds and conversions. This acquisition will integrate well into P&O Maritime, which is the Group's 100% owned maritime services subsidiary:

| | Acquiree's carrying amount | Fair value recognised on acquisition |
|---|---|---|
| | USD'000 | USD'000 |
| **Assets** | | |
| Property, plant and equipment | 193,148 | 193,148 |
| Concession rights (intangible assets) | - | 480,315 |
| Inventories | 19,035 | 19,035 |
| Accounts receivables and prepayments | 299,920 | 299,920 |
| Bank balances and cash | 87,628 | 87,628 |
| | | |
| **Liabilities** | | |
| Interest bearing loans and borrowings | (638,190) | (638,190) |
| Accounts payable and accruals | (181,481) | (181,481) |
| Employees' end of service benefits | (35,375) | (35,375) |
| | | |
| **Net assets acquired** | (255,315) | 225,000 |
| | | |
| **For cash flow statement:** | | |
| Cash injected on acquisition | | (225,000) |
| Cash acquired on acquisition | | 87,628 |
| **Net cash paid on acquisition** | | (137,372) |
| | | |

Acquisition related costs of USD 6,500 thousand were expensed and included in general and administrative expenses.

(b) On 11 January 2018, the Group acquired 100% stake in Dubai Maritime City ('DMC') ) in United Arab Emirates from its Ultimate Parent Company for a purchase consideration of USD 180,000 thousand. DMC is a world class maritime service facility and industrial business zone in a prime location of central Dubai and adjacent to the Group's Port Rashid. It is a maritime focused commercial and industrial park and provides additional land as an alternative to the highly-occupied Group operated Jebel Ali Free Zone:

| | Acquiree's carrying amount | Fair value recognised on acquisition |
|---|---|---|
| | USD'000 | USD'000 |
| **Assets** | | |
| Property, plant and equipment | 1,239 | 1,239 |
| Investment properties | 272,291 | 272,291 |
| Properties held for development and sale | 38,214 | 305,339 |
| Accounts receivables and prepayments | 2,439 | 2,439 |
| Bank balances and cash | 10,375 | 10,375 |
| | | |
| **Liabilities** | | |
| Employees' end of service benefits | (237) | (237) |
| Accounts payable and accruals | (411,446) | (411,446) |
| | | |
| **Net assets acquired** | (87,125) | 180,000 |
| | | |

| **For cash flow statement:** | | |
|---|---|---|
| Cash paid on acquisition | | **(180,000)** |
| Cash acquired on acquisition | | **10,375** |
| **Net cash paid on acquisition** | | **(169,625)** |

Acquisition related costs of USD 3,500 thousand were expensed and included in general and administrative expenses.

### 24. Business combinations (continued)

(c) On 31 January 2018, the Group through its subsidiary P&O Maritime B.V acquired 51% stake in LBS B.V. ("LBS Group") which holds 100% ownership in Ukrainian Marine Operating Company (LB Shipping LLC) for a purchase consideration of USD 20,258 thousand. This acquisition has resulted in recognition of intangible assets amounting to USD 47,758 thousand, deferred tax liabilities of USD 8,597 thousand and non-controlling interests of USD 19,464 thousand.

(d) On 25 May 2018, the Group acquired 100% stake in Cosmos Agencia Marítima S.A.C. (CAM) in Peru for a purchase consideration of USD 224,225 thousand. CAM owns a fully integrated logistics service business (Neptunia S.A. and Triton Transport S.A.) that offers end-to-end solutions to its customers. The logistics division offers an integrated platform of solutions in activities related to foreign trade, product storage and distribution, as well as freight services that facilitate development and implementation of industry specific projects. This acquisition supports our recent strategy of extending the Group's core business into complementary sectors:

| | Acquiree's carrying amount | Fair value recognised on acquisition |
|---|---|---|
| | USD'000 | USD'000 |
| **Assets** | | |
| Property, plant and equipment | **164,322** | **149,019** |
| Investment in equity-accounted investees | **47,462** | **76,708** |
| Accounts receivables and prepayments | **37,937** | **37,937** |
| Inventories | **3,036** | **3,036** |
| Bank balances and cash | **2,148** | **2,148** |
| | | |
| **Liabilities** | | |
| Interest bearing loans and borrowings | **(11,423)** | **(11,423)** |
| Deferred tax liabilities | **(35,920)** | **(31,405)** |
| Accounts payable and accruals | **(47,211)** | **(47,211)** |
| | | |
| **Net assets acquired** | **160,351** | **178,809** |
| | | |
| **Goodwill arising on acquisition** | | **45,416** |
| | | |
| **Total consideration paid** | | **224,225** |
| | | |
| **For cash flow statement:** | | |
| Cash paid on acquisition | | **(224,225)** |
| Cash acquired on acquisition | | **2,148** |
| **Net cash paid on acquisition** | | **(222,077)** |

Acquisition related costs of USD 2,800 thousand were expensed and included in general and administrative expenses.

The deferred tax liability mainly comprises the tax effect of the accelerated depreciation for the tax purposes of tangible and intangible assets.

The goodwill is attributable mainly to the skills and technical talent of acquiree's work force, and the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes

(e) On 17 July 2018, the Group acquired 90% stake in Continental Warehousing Corporation (Nhava Seva) Ltd (CWCNSL) in India through its subsidiary Hindustan Infralog Private Limited (HIPL), a joint venture between the Group and National Investment and Infrastructure Fund (NIIF) for a purchase consideration of USD 247,845 thousand. The Group's effective ownership in CWCNSL is 58.50%.

**24. Business combinations (continued)**

CWCNSL is a leading integrated multimodal logistics provider of Warehousing, Container Freight Stations (CFS), Inland Container Depots (ICD), Private Freight Terminals (PFT), integrated logistics solutions, door-to-door logistics solutions including freight forwarding, third party logistics, express logistics and hub-and-spoke model of delivery. CWCNSL's logistics network is spread across key strategic locations in India. This acquisition supports of the Group's growth strategy in complementary sectors of the global supply chain.

The carrying value and fair value of the identifiable assets and liabilities on the date of the acquisition were as follows:

| | Acquiree's carrying amount | Fair value recognised on acquisition |
|---|---|---|
| | **USD'000** | **USD'000** |
| **Assets** | | |
| Property, plant and equipment | **165,893** | **202,811** |
| Accounts receivables and prepayments | **50,438** | **50,438** |
| Bank balances and cash | **926** | **926** |
| | | |
| **Liabilities** | | |
| Interest bearing loans and borrowings | **(77,658)** | **(77,658)** |
| Accounts payable and accruals | **(14,643)** | **(14,643)** |
| | | |
| **Net assets acquired** | **124,956** | **161,874** |
| **Less: NCI created on acquisition** | | **(16,187)** |
| | | |
| **Net assets acquired by owners** | | **145,687** |
| | | |
| **Goodwill arising on acquisition** | | **102,158** |
| | | |
| **Total consideration paid** | | **247,845** |
| | | |
| **For cash flow statement:** | | |
| Cash paid on acquisition | | **(247,845)** |
| Cash acquired on acquisition | | **926** |
| **Net cash paid on acquisition** | | **(246,919)** |

Acquisition related costs of USD 3,600 thousand were expensed and included in general and administrative expenses.

The Group has elected to measure the non-controlling interests in the acquiree at the proportionate shares of its interest in the acquiree's identifiable net assets.

The goodwill is attributable mainly to the skills and technical talent of acquiree's work force, and the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

(f) On 6 December 2018, the Group acquired 100% stake in Unifeeder Group ("Unifeeder"), for a purchase consideration of USD 600,106 thousand. Unifeeder operates the largest and most densely connected common user container feeder and an important and growing shortsea network in Europe, serving both deep-sea container hubs and the intra-Europe container freight market.

The acquisition of Unifeeder will further enhance the Group's presence in the global supply chain and broaden product offering to customers, with a view to ultimately reduce inefficiencies and improve the competitiveness of global trade. The current operations of Unifeeder are complementary to the Group's existing business and provides future growth opportunities.

The carrying value and fair value of the identifiable assets and liabilities on the date of the acquisition were as follows:

| | Acquiree's carrying amount | Fair value recognised on acquisition |
|---|---|---|
| | USD'000 | USD'000 |
| **Assets** | | |
| Property, plant and equipment | **4,802** | **4,802** |
| Other intangible assets | **-** | **211,647** |
| Accounts receivables and prepayments | **69,398** | **69,398** |
| Inventories | **7,578** | **7,578** |
| Bank balances and cash | **69,333** | **69,333** |
| | | |
| **Liabilities** | | |
| Interest bearing loans and borrowings | **(204,869)** | **(204,869)** |
| Accounts payable and accruals | **(74,033)** | **(74,033)** |
| | | |
| **Net assets acquired** | **(127,791)** | **83,856** |
| | | |
| **Goodwill arising on acquisition** | | **516,250** |
| | | |
| **Total consideration paid** | | **600,106** |
| | | |
| **For cash flow statement:** | | |
| Cash paid on acquisition | | **(600,106)** |
| Cash acquired on acquisition | | **69,333** |
| **Net cash paid on acquisition** | | **(530,773)** |

Acquisition related costs of USD 9,164 thousand were expensed and included in general and administrative expenses.

Unifeeder is subject to Danish tonnage tax and not to corporate tax. Accordingly, no deferred tax liability has been recognised.

The goodwill is attributable mainly to the skills and technical talent of acquiree's work force, and the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

From the acquisition date, these all acquisitions have contributed a combined revenue of USD 811,530 thousand and combined operating profit of USD 237,883 thousand to the Group's results. If the acquisition had occurred on 1 January 2018, management estimates that consolidated revenue would have increased by USD 1,528,361 thousand and consolidated operating profit for the period would have increased by USD 53,737 thousand. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

**25. Significant group entities**

The extent of the Group's ownership in its various subsidiaries, equity-accounted investees and their principal activities are as follows:

**a) Significant holding companies**

| Legal Name | Ownership interest | Country of incorporation | Principal activities |
|---|---|---|---|
| DP World FZE | 100% | United Arab Emirates | Development and management of international marine and inland terminal operations |
| Thunder FZE | 100% | United Arab Emirates | Holding company |
| The Peninsular and Oriental Steam Navigation Company Limited | 100% | United Kingdom | Management and operation of international marine terminal operations |
| Economic Zones World FZE | 100% | United Arab Emirates | Development, management and operation of free zones, economic zones, industrial zones and logistics parks |
| DP World Australia (POSN) Pty Ltd | 100% | Australia | Holding company |
| DPI Terminals Asia Holdings Limited | 100% | British Virgin Islands | Holding company |
| DPI Terminals (BVI) Limited | 100% | British Virgin Islands | Holding company |
| DPI Terminals Asia (BVI) Limited | 100% | British Virgin Islands | Holding company |
| Hindustan Infralog Private Limited | 65% | India | Holding company |
| Hindustan Ports Private Limited | 100% | India | Holding company |
| DP World Ports Cooperatieve U.A. | 100% | Netherlands | Holding company |
| DP World Maritime Cooperatieve U.A. | 100% | Netherlands | Holding company |

**25. Significant group entities (continued)**

**b) Significant subsidiaries – Ports**

| Legal Name | Ownership interest | Country of incorporation | Principal activities |
|---|---|---|---|
| Terminales Rio de la Plata SA | 55.62% | Argentina | Container terminal operations |
| Empresa Brasileira de Terminais Portuarious S.A. | 100% | Brazil | Container terminal operations |
| DP World (Canada) Inc. | 55% | Canada | Container terminal operations |
| DP World Prince Rupert Inc. | 55% | Canada | Container terminal operations |
| DP World Saint John, Inc. | 100% | Canada | Container terminal operations |
| DP World Limassol Limited | 75% | Cyprus | Multi-purpose and general cargo terminal operations |
| DP World Sokhna SAE | 100% | Egypt | Container terminal operations |
| DPWorld Posorja S.A. | 78% | Ecuador | Container terminal operations |
| Chennai Container Terminal Private Limited | 100% | India | Container terminal operations |
| India Gateway Terminal Private Ltd | 81.63% | India | Container terminal operations |
| Mundra International Container Terminal Private Limited | 100% | India | Container terminal operations |
| Nhava Sheva International Container Terminal Private Limited | 100% | India | Container terminal operations |
| Nhava Sheva (India) Gateway Terminal Private Limited | 100% | India | Container terminal operations |
| DP World Middle East Limited | 100% | Kingdom of Saudi Arabia | Container terminal operations |
| DP World Maputo S.A. | 60% | Mozambique | Container terminal operations |
| Qasim International Container Terminal Pakistan Ltd | 75% | Pakistan | Container terminal operations |
| DP World Callao S.R.L. | 100% | Peru | Container terminal operations |
| Doraleh Container Terminal S.A. # | 33.34%** | Republic of Djibouti | Container terminal operations |
| Integra Port Services N.V. | 60% | Republic of Suriname | Container terminal operations |
| Suriname Port Services N.V. | 60% | Republic of Suriname | General cargo terminal operations |
| Constanta South Container Terminal SRL | 100% | Romania | Container terminal operations |
| DP World Dakar SA | 90% | Senegal | Container terminal operations |
| DP World Berbera | 65% | Somaliland | Container terminal operations |
| Pusan Newport Co., Ltd | 66.03% | South Korea | Container terminal operations |
| DP World Tarragona SA | 60% | Spain | Container terminal operations |
| DP World Yarımca Liman İşletmeleri AS | 100% | Turkey | Container terminal operations |
| DP World UAE Region FZE | 100% | United Arab Emirates | Container terminal operations |
| London Gateway Port Limited | 100% | United Kingdom | Container terminal operations |
| Southampton Container Terminals Limited | 100% | United Kingdom | Container terminal operations |
| Saigon Premier Container Terminal | 80% | Vietnam | Container terminal operations |

**25. Significant group entities (continued)**

**c) Associates and joint ventures – Ports**

| Legal Name | Ownership interest | Country of incorporation | Principal activities |
|---|---|---|---|
| Djazair Port World Spa | 50% | Algeria | Container terminal operations |
| DP World DjenDjen Spa | 50% | Algeria | Container terminal operations |
| DP World Australia (Holding) Pty Ltd | 25% | Australia | Container terminal operations |
| Antwerp Gateway N.V | 60%* | Belgium | Container terminal operations |
| Caucedo Investments Inc. | 50% | British Virgin Islands | Container terminal operations |
| Eurofos SARL | 50% | France | Container terminal operations |
| Generale de Manutention Portuaire S.A | 50% | France | Container terminal operations |
| Goodman DP World Hong Kong Limited | 25% | Hong Kong | Container terminal operations and warehouse operations |
| Visakha Container Terminals Private Limited | 26% | India | Container terminal operations |
| PT Terminal Petikemas Surabaya | 49% | Indonesia | Container terminal operations |
| Rotterdam World Gateway B.V. | 30% | Netherlands | Container terminal operations |
| Qingdao Qianwan Container Terminal Co., Ltd | 29% | People's Republic of China | Container terminal operations |
| Tianjin Orient Container Terminals Co., Ltd | 24.50% | People's Republic of China | Container terminal operations |
| Yantai International Container Terminals Ltd | 12.50% | People's Republic of China | Container terminal operations |
| Terminales Portuarios Euroandinos Paita S.A. | 50% | Peru | Container terminal operations |
| Asian Terminals Inc | 50.54%* | Philippines | Container terminal operations |
| Laem Chabang International Terminal Co. Ltd | 34.50% | Thailand | Container terminal operations |

**25. Significant group entities (continued)**

**d) Other non-port business**

| Legal Name | Ownership interest | Country of incorporation | Principal activities |
|---|---|---|---|
| P&O Maritime Services Pty Ltd | 100% | Australia | Maritime services |
| DP World Antwerp Terminals N.V. | 100% | Belgium | Ancillary container services |
| Unifeeder A/S | 100% | Denmark | Maritime transport and logistics |
| Unimed Feeder Services A/S | 100% | Denmark | Maritime transport and logistics |
| DP World Germersheim GmbH and Co. KG | 100% | Germany | Inland container terminal operations |
| DP World Germany B.V. | 100% | Netherlands | Inland container terminal operations |
| Container Rail Road Services Pvt Limited | 100% | India | Container rail freight operations |
| Continental Warehousing Corporation (Nhava Seva) Limited | 58.50% | India | Logistics, warehousing and transportation services |
| Nhava Sheva Business Park Private Limited | 65.00% | India | Free trade warehousing zone |
| Empresa de Dragagem do Porto de Maputo, SA | 25.50% | Mozambique | Dredging services |
| Maputo Intermodal Container Depot, SA | 50.00% | Mozambique | Inland container depot and warehousing |
| Sociedade de Desenvolvimento do Porto de Maputo, S.A. | 24.74% | Mozambique | Port management and cargo handling |
| DP World Peru S.R.L. | 100% | Peru | Terminal related activities |
| Cosmos Agencia Maritima S.A.C. | 100% | Peru | Logistics, maritime and warehousing services |
| Neptunia S.A. | 100% | Peru | Logistics and warehousing services |
| Triton Transports S.A. | 100% | Peru | Logistics services |
| Port Secure FZCO# | 40% | Republic of Djibouti | Port security services |
| Remolcadores de Puerto y Altura, S.A. | 57.01% | Spain | Maritime services |
| Remolques y Servicios Marítimos, S.L. | 93% | Spain | Maritime services |
| Dubai International Djibouti FZE | 100% | United Arab Emirates | Port management and operation |
| Drydocks World LLC | 100% | United Arab Emirates | Ship building, repairs and docking services |
| Dubai Trade FZE | 100% | United Arab Emirates | Trade facilitation through integrated electronic services |
| Maritime World LLC | 100% | United Arab Emirates | Property development and leasing |
| P&O Maritime FZE | 100% | United Arab Emirates | Maritime services |
| P&O Marinas FZE | 100% | United Arab Emirates | Operating marinas and property leasing |
| World Security FZE | 100% | United Arab Emirates | Security services |
| Jebel Ali Free Zone FZE | 100% | United Arab Emirates | Management, operation and development of free zones, economic zones and industrial zones |
| P&O Maritime Yuzhny FZCO | 51% | Ukraine | Maritime services |
| LG Park Freehold Limited | 100% | United Kingdom | Management and operation of industrial parks |

* Although the Group has more than 50% effective ownership interest in these entities, they are not treated as subsidiaries, but instead treated as equity-accounted investees. The underlying shareholder agreements does not provide control to the Group.

** Although the Group only has a 33.34% effective ownership interest in this entity, it was treated as a subsidiary until 22 February 2018, as the Group was able to govern the financial and operating policies of the company by virtue of an agreement with the other investor.

\# On 22 February 2018, the Government of Djibouti illegally seized control of Djibouti operations and hence the Group has stopped consolidating this entity's operating results. The Group commenced arbitration proceedings before the London Court of International Arbitration to protect its rights, or to secure damages and compensation for breach or expropriation. In August 2018, the London Court of International Arbitration ruled that Djibouti government's seizure of control of the terminal from the Group as illegal. The Group will continue to pursue all legal means to defend its rights as a shareholder.

**26. Related party transactions**

**Other related party transactions**

Transactions with related parties included in the consolidated financial statements are as follows:

| | **Ultimate Parent Company** | **Equity-accounted investees** | **Other related parties** | **Total** | Ultimate Parent Company | Equity-accounted investees | Other related parties | Total |
|---|---|---|---|---|---|---|---|---|
| | **2018** | **2018** | **2018** | **2018** | 2017 | 2017 | 2017 | 2017 |
| | **USD'000** | **USD'000** | **USD'000** | **USD'000** | USD'000 | USD'000 | USD'000 | USD'000 |
| *Expenses charged:* | | | | | | | | |
| Concession fee | **-** | **-** | **50,338** | **50,338** | - | - | 49,517 | 49,517 |
| Shared services | **-** | **-** | **529** | **529** | - | - | 736 | 736 |
| Marine services Fee | **-** | **-** | **12,607** | **12,607** | - | - | 13,856 | 13,856 |
| IT Services Fee | | | **6,052** | **6,052** | | | 5,685 | 5,685 |
| Other services | **-** | **-** | **2,707** | **2,707** | - | - | 382 | 382 |
| Other services | **-** | **-** | **21,366** | **21,366** | - | - | 19,923 | 19,923 |
| Interest expense | **1,904** | **-** | **-** | **1,904** | - | - | - | - |
| | | | | | | | | |
| *Revenue earned:* | | | | | | | | |
| Revenue | **-** | **-** | **12,875** | **12,875** | - | - | 12,483 | 12,483 |
| Management fee | **-** | **16,238** | **18,085** | **34,323** | - | 19,366 | 18,176 | 37,542 |
| Interest income | **2,703** | **31,321** | **-** | **34,024** | - | 28,368 | - | 28,368 |

Balances with related parties included in the consolidated statement of financial position are as follows:

| | **Due from related parties** | | **Due to related parties** | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | **USD'000** | USD'000 | **USD'000** | USD'000 |
| | | | | |
| Ultimate Parent Company | **2,383** | 2,217 | **1,605** | 219 |
| Parent Company | **-** | 902 | **565** | 5 |
| Equity-accounted investees* | **375,751** | 347,289 | **2,067** | 3,107 |
| Other related parties | **24,872** | 13,001 | **11,663** | 8,911 |
| | | | | |
| **Total** | **403,006** | 363,409 | **15,900** | 12,242 |

* This mainly includes an amount of USD 214,358 thousand (2017: USD 208,095 thousand) due from equity accounted investees in Australia and Americas region.

The Group has also issued guarantees on behalf of equity-accounted investees which are disclosed in note 34.

**Business combinations under common control**

On 11 Jan 2018, the Group acquired 100% stake in Drydocks World LLC ('DDW') and Dubai Maritime City ('DMC) from its Ultimate Parent Company Dubai World (refer to note 24 (a) and (b)).

**26. Related party transactions (continued)**

**Compensation of key management personnel**

The remuneration of directors and other key members of the management during the year were as follows:

| | **2018** | 2017 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Short-term benefits and bonus | **14,366** | 13,658 |
| Post-retirement benefits | **335** | 451 |
| **Total** | **14,701** | 14,109 |

**27. Financial risk management**

**Overview**

The Group has exposure to the following risks from its use of financial instruments:

a) credit risk
b) liquidity risk
c) market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Group has exposure to the following risks arising from financial instruments:

**a) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, amounts due from related parties and investment securities.

***Trade and other receivables***

The Group trades mainly with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and are required to submit financial guarantees based on their creditworthiness. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group applies IFRS 9 simplified approach to measure expected credit losses (ECLs) which uses a life time expected loss allowance for all trade receivables and contract assets. The Group uses an allowance matrix to measure the ECLs of trade receivables which comprise a very large number of small balances. These historical loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Thus, expected credit loss rates are based on the payment profile of sales over a period of 36 months before 31 December 2018 and the corresponding historical credit losses experienced within this period. These historical rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables. The Group identified gross domestic product (GDP), global supply/ demand index of container market, global freight rate index of container market, oil prices in international markets and consumer price index (CPI) to be the most relevant factors for performing macro level adjustments in expected credit loss financial model.

**27. Financial risk management (continued)**

**a) Credit risk (continued)**

***Other financial assets***

Credit risk arising from other financial assets of the Group comprises cash and cash equivalents and certain derivative instruments. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group manages its credit risks with regard to bank deposits, throughout the Group, through a number of controls, which include assessing the credit rating of the bank either from public credit ratings, or internal analysis where public data is not available and consideration of the support for financial institutions from their central banks or other regulatory authorities.

***Financial guarantees***

The Group's policy is to consider the provision of a financial guarantee to wholly-owned subsidiaries, where there is a commercial rationale to do so. Guarantees may also be provided to equity-accounted investees in very limited circumstances for the Group's share of obligation. The provision of guarantees always requires the approval of senior management.

***i. Exposure to credit risk***

The carrying amount of financial assets represents the maximum credit exposure as at 31 December:

| | **2018** | 2017 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| FVOCI – equity instruments | **48,050** | 69,935 |
| FVTPL – equity instruments | **3,028** | 2,824 |
| Derivative assets | **8,735** | 8,952 |
| Trade and other receivables excluding prepayments | **1,727,101** | 1,218,037 |
| Cash and cash equivalents | **2,614,710** | 1,483,679 |
| | | |
| **Total** | **4,401,624** | 2,783,427 |

The maximum exposure to credit risk for trade receivables (net) at the reporting date by operating segments are as follows:

| | **2018** | 2017 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Asia Pacific and Indian subcontinent | **81,335** | 45,369 |
| Australia and Americas | **122,828** | 97,593 |
| Middle East, Europe and Africa | **455,220** | 311,090 |
| | | |
| **Total** | **659,383** | 454,052 |

**27. Financial risk management (continued)**

**a) Credit risk (continued)**

***i. Exposure to credit risk (continued)***

The ageing of trade receivables (net) at the reporting date was:

| | **2018** | 2017 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Neither past due nor impaired on the reporting date: | **376,486** | 247,923 |
| *Past due on the reporting date* | | |
| Past due 0-30 days | **161,656** | 135,340 |
| Past due 31-60 days | **46,692** | 44,286 |
| Past due 61-90 days | **26,597** | 13,430 |
| Past due > 90 days | **47,952** | 13,073 |
| | | |
| **Total** | **659,383** | 454,052 |

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on the historic collection trends.

Movement in the allowance for impairment in respect of trade receivables during the year was:

| | **2018** | 2017 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| As at 1 January | **106,685** | 108,435 |
| Acquired through business combinations | **19,471** | 976 |
| Provision recognised/ (reversed) during the year | **3,824** | (2,726) |
| | | |
| **As at 31 December** | **129,980** | 106,685 |

Based on historic default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due or past due.

Trade receivables with the top ten customers represent 39% (2017: 54%) of the trade receivables.

**b) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities as they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities and by ensuring adequate internally generated funds. The Group's terms of business require amounts to be paid within 60 days of the date of provision of the service. Trade payables are normally settled within 45 days of the date of purchase.

**27. Financial risk management (continued)**

**b) Liquidity risk (continued)**

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments and the impact of netting agreements.

| | Carrying amount | Contractual cash flows | Less than 1 year | 1 – 2 years | 2 – 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| *Non derivative financial liabilities* | | | | | | 2017 |
| Issued bonds | 4,119,001 | (6,903,324) | (230,552) | (857,756) | (1,014,968) | (4,800,048) |
| Convertible bonds | 825,412 | (1,113,750) | (17,500) | (17,500) | (52,500) | (1,026,250) |
| Bank loans | 2,609,656 | (3,977,590) | (400,133) | (198,386) | (645,307) | (2,733,764) |
| Loans from non-controlling shareholders | 151,134 | (201,952) | (1,000) | (11,970) | (51,119) | (137,863) |
| Finance lease liabilities | 33,775 | (41,794) | (11,437) | (7,344) | (15,441) | (7,572) |
| Trade and other payables | 1,706,464 | (1,711,148) | (1,589,903) | (26,387) | (30,119) | (64,739) |
| Financial guarantees and letters of credit* | - | (152,315) | - | - | - | - |
| *Derivative financial liabilities* | | | | | | |
| Interest rate swaps used for hedging | 89,453 | (124,302) | (26,180) | (25,528) | (60,886) | (11,708) |
| Embedded derivative option | 250,513 | - | - | - | - | - |
| Total | 9,785,408 | (14,226,175) | (2,276,705) | (1,144,871) | (1,870,340) | (8,781,944) |

| | | | | | | |
|---|---|---|---|---|---|---|
| ***Non derivative financial liabilities*** | | | | | | **2018** |
| Issued bonds | **6,937,592** | **(12,149,956)** | **(570,850)** | **(823,503)** | **(2,119,742)** | **(8,635,861)** |
| Convertible bonds | **848,865** | **(1,096,250)** | **(17,500)** | **(17,500)** | **(52,500)** | **(1,008,750)** |
| Bank loans | **2,610,099** | **(3,725,203)** | **(208,898)** | **(177,171)** | **(1,100,230)** | **(2,238,904)** |
| Loans from non-controlling shareholders | **133,236** | **(174,905)** | **(1,000)** | **(10,904)** | **(45,070)** | **(117,931)** |
| Finance lease liabilities | **23,207** | **(29,657)** | **(7,031)** | **(9,525)** | **(6,350)** | **(6,751)** |
| Trade and other payables | **1,964,732** | **(1,965,388)** | **(1,851,740)** | **(49,187)** | **(27,471)** | **(36,990)** |
| Financial guarantees and letters of credit* | **-** | **(199,358)** | **-** | **-** | **-** | **-** |
| ***Derivative financial liabilities*** | | | | | | |
| Interest rate swaps used for hedging | **61,021** | **(86,593)** | **(22,555)** | **(21,564)** | **(40,520)** | **(1,954)** |
| Embedded derivative option | **133,040** | **-** | **-** | **-** | **-** | **-** |
| **Total** | **12,711,792** | **(19,427,310)** | **(2,679,574)** | **(1,109,354)** | **(3,391,883)** | **(12,047,141)** |

*Refer to note 34 for further details.

**27. Financial risk management (continued)**

**c) Market risk**

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group enters into derivative contracts, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors in the Group Treasury policy. Generally, the Group seeks to apply hedge accounting in order to manage the volatility in the consolidated statement of profit or loss.

***i. Currency risk***

The proportion of the Group's net operating assets denominated in foreign currencies (i.e. other than the functional currency of the Company, UAE Dirhams) is approximately 63.9% (2017: 64.4%) with the result that the Group's USD consolidated statement of financial position, and in particular shareholder's equity, can be affected by currency movements when it is retranslated at each year end rate. The Group partially mitigates the effect of such movements by borrowing in the same currencies as those in which the assets are denominated. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying foreign operations of the Group. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances. The impact of currency movements on operating profit is partially mitigated by interest costs being incurred in foreign currencies. The Group operates in some locations where the local currency is fixed to the Group's presentation currency of USD further reducing the risk of currency movements.

A portion of the Group's activities generate part of their revenue and incur some costs outside their main functional currency. Due to the diverse number of locations in which the Group operates there is some natural hedging that occurs within the Group. When it is considered that currency volatility could have a material impact on the results of an operation, hedging using foreign currency forward exchange contracts is undertaken to reduce the short-term effect of currency movements.

When the Group's businesses enter into capital expenditure or lease commitments in currencies other than their main functional currency, these commitments are hedged in most instances using foreign currency forward exchange contracts in order to fix the cost when converted to the functional currency. The Group classifies its foreign currency forward exchange contracts hedging forecast transactions as cash flow hedges and states them at fair value.

**27. Financial risk management (continued)**

**c) Market risk (continued)**

***i. Currency risk (continued)***

**Exposure to currency risk**

The Group's financial instruments in different currencies were as follows:

| | | | | | | | | | 2017 |
|---|---|---|---|---|---|---|---|---|---|
| | USD* | GBP | EUR | AUD | INR | CAD | KRW | Others | Total |
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| Cash and cash equivalents | 881,314 | 129,348 | 139,926 | 16,949 | 57,143 | 86,869 | 112,753 | 59,377 | 1,483,679 |
| Trade receivables | 207,503 | 49,201 | 72,528 | 4,589 | 13,635 | 61,282 | 27,629 | 17,685 | 454,052 |
| Bank loans | (872,866) | (867,370) | (28,672) | (0) | (98,791) | (436,840) | (0) | (305,117) | (2,609,656) |
| Loan from non-controlling shareholders | (1,491) | - | (21,399) | - | - | (128,244) | - | - | (151,134) |
| Unsecured bonds | (4,944,413) | - | - | - | - | - | - | - | (4,944,413) |
| Finance lease liabilities | (19,335) | (1,213) | (8,109) | (1,568) | - | (3,550) | - | - | (33,775) |
| Trade payables | (68,794) | (15,558) | (45,308) | (5,203) | (14,600) | (7,413) | (13,519) | (27,551) | (197,946) |
| Net consolidated statement of financial position exposures | (4,818,082) | (705,592) | 108,966 | 14,767 | (42,613) | (427,896) | 126,863 | (255,606) | (5,999,193) |

| | | | | | | | | | **2018** |
|---|---|---|---|---|---|---|---|---|---|
| | **USD*** | **GBP** | **EUR** | **AUD** | **INR** | **CAD** | **KRW** | **Others** | **Total** |
| | **USD'000** | **USD'000** | **USD'000** | **USD'000** | **USD'000** | **USD'000** | **USD'000** | **USD'000** | **USD'000** |
| Cash and cash equivalents | **1,462,826** | **572,471** | **186,388** | **26,777** | **89,567** | **134,160** | **103,057** | **39,464** | **2,614,710** |
| Trade receivables | **301,894** | **47,006** | **123,354** | **10,068** | **46,335** | **50,059** | **27,703** | **52,964** | **659,383** |
| Bank loans | **(878,073)** | **(820,503)** | **(23,259)** | **(0)** | **(144,736)** | **(435,311)** | **(0)** | **(308,217)** | **(2,610,099)** |
| Loan from non-controlling shareholders | **(7,778)** | **-** | **(20,734)** | **-** | **(547)** | **(104,177)** | **-** | **-** | **(133,236)** |
| Unsecured bonds | **(6,497,198)** | **(440,941)** | **(848,318)** | **-** | **-** | **-** | **-** | **-** | **(7,786,457)** |
| Finance lease liabilities | **(15,247)** | **(167)** | **(4,706)** | **-** | **-** | **(3,087)** | **-** | **-** | **(23,207)** |
| Trade payables | **(103,932)** | **(15,477)** | **(105,627)** | **(7,907)** | **(13,594)** | **(6,247)** | **(12,539)** | **(58,862)** | **(324,185)** |
| **Net consolidated statement of financial position exposures** | **(5,737,508)** | **(657,611)** | **(692,902)** | **28,938** | **(22,975)** | **(364,603)** | **118,221** | **(274,651)** | **(7,603,091)** |

* The functional currency of the Company is UAE Dirham. UAE Dirham is pegged to USD and therefore the Group has no foreign currency risk on these balances.

**27. Financial risk management (continued)**

**c) Market risk (continued)**

***i. Currency risk (continued)***

**Sensitivity analysis**

A 10 percent strengthening of the USD against the following currencies at 31 December would have increased/ (decreased) the consolidated statement of profit or loss and the consolidated statement of other comprehensive income by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. Furthermore, as each entity in the Group has its own functional currency, the effect of translating financial assets and liabilities of the respective entity would mainly impact the consolidated statement of other comprehensive income.

| | **Consolidated statement of profit or loss** | | **Consolidated statement of other comprehensive income** | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | **USD'000** | USD'000 | **USD'000** | USD'000 |
| | | | | |
| GBP | **(5,173)** | 4,657 | **(73,068)** | (78,399) |
| EUR | **(83)** | 7 | **(76,989)** | 12,107 |
| AUD | **(3)** | (2) | **(3,215)** | 1,641 |
| INR | **(379)** | 644 | **(2,553)** | (4,735) |
| CAD | **(1,554)** | 1,396 | **(40,511)** | (47,544) |
| KRW | **(204)** | (139) | **(13,136)** | 14,096 |

A 10 percent weakening of the USD against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

***ii. Interest rate risk***

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a fixed/ floating interest rate and bank deposits.

The Group's policy is to manage its interest cost by entering into interest rate swap agreements, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

At 31 December 2018, after taking into account the effect of interest rate swaps, approximately 91% (2017: 91%) of the Group's borrowings are at a fixed rate of interest.

**Profile**

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

| | **Carrying amounts** | |
|---|---|---|
| | **2018** | 2017 |
| | **USD'000** | USD'000 |
| **Fixed rate instruments** | | |
| Financial liabilities (loans and borrowings) | **(8,097,155)** | (5,410,891) |
| Interest rate swaps hedging floating rate debt | **(1,537,475)** | (1,612,491) |
| **Total** | **(9,634,630)** | (7,023,382) |
| | | |
| **Variable rate instruments** | | |
| Financial assets (short term deposits) | **1,901,627** | 832,004 |
| Financial liabilities (loans and borrowings) | **(2,455,844)** | (2,328,087) |
| Interest rate swaps hedging floating rate debt | **1,537,475** | 1,612,491 |
| **Total** | **983,258** | 116,408 |

**27. Financial risk management (continued)**

**c) Market risk (continued)**

***ii. Interest rate risk* (continued)**

**Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points ("bp") in interest rates at the reporting date would have increased/ (decreased) consolidated statement of profit or loss and the consolidated statement of other comprehensive income by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

| | **Consolidated statement of profit or loss** | | **Consolidated statement of other comprehensive income** | |
|---|---|---|---|---|
| | **100 bp increase** | **100 bp decrease** | **100 bp increase** | **100 bp Decrease** |
| | **USD'000** | **USD'000** | **USD'000** | **USD'000** |
| **2018** | | | | |
| Variable rate instruments | **9,833** | **(9,833)** | **-** | **-** |
| Interest rate swaps | **(1,300)** | **1,300** | **14,075** | **(14,075)** |
| | | | | |
| **Cash flow sensitivity (net)** | **8,533** | **(8,533)** | **14,075** | **(14,075)** |
| | | | | |
| 2017 | | | | |
| Variable rate instruments | 1,164 | (1,164) | - | - |
| Interest rate swaps | (1,300) | 1,300 | 14,825 | (14,825) |
| | | | | |
| Cash flow sensitivity (net) | (136) | 136 | 14,825 | (14,825) |

**27. Financial risk management (continued)**

**d) Fair value**

**Fair value versus carrying amount**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position are as follows:

| | | **2018** | **2018** | 2017 | 2017 |
|---|---|---|---|---|---|
| | **Fair value hierarchy** | **Carrying amount** | **Fair value** | Carrying amount | Fair value |
| | | **USD'000** | **USD'000** | USD'000 | USD'000 |
| | | | | | |
| **FVOCI – equity instruments** | **2** | **48,050** | **48,050** | 69,935 | 69,935 |
| | | | | | |
| **Financial assets at FVTPL** | | | | | |
| Equity securities | **3** | **3,028** | **3,028** | 2,824 | 2,824 |
| Convertible debt instrument | **2** | **90,000** | **90,000** | 30,000 | 30,000 |
| Derivative instruments for hedging | **2** | **8,735** | **8,735** | 8,952 | 8,952 |
| | | | | | |
| **Financials assets carried at amortised cost** | | | | | |
| Trade and other receivables** | | **1,637,101** | **-** | 1,188,037 | - |
| Cash and cash equivalents* | | **2,614,710** | **-** | 1,483,679 | - |
| | | | | | |
| **Financial liabilities carried at fair value** | | | | | |
| Interest rate swaps used for hedging | **2** | **(61,021)** | **(61,021)** | (89,453) | (89,453) |
| Embedded derivative option | **2** | **(133,040)** | **(133,040)** | (250,513) | (250,513) |
| | | | | | |
| **Financial liabilities carried at amortised cost** | | | | | |
| Issued bonds | **1** | **(6,937,592)** | **(7,185,042)** | (4,119,001) | (4,618,701) |
| Convertible bonds | **2** | **(848,865)** | **(821,910)** | (825,412) | (796,170) |
| Bank loans* | | **(2,610,099)** | **-** | (2,609,656) | - |
| Loans from non-controlling shareholders* | | **(133,236)** | **-** | (151,134) | - |
| Finance lease liabilities* | | **(23,207)** | **-** | (33,775) | - |
| Trade and other payables** | | **(1,964,732)** | **-** | (1,706,464) | - |

**Fair value hierarchy**

The table above analyses assets and liabilities that require or permits fair value measurements or disclosure about fair value measurements.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

* These financial assets and liabilities carry a variable rate of interest and hence, the fair values reported approximate carrying values.

** These financial assets and liabilities have short term maturity and thus, the fair values reported approximate carrying values.

The fair value of foreign currency forward exchange contracts and interest rate swaps is based on the bank quotes at the reporting dates. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

The fair value of trade and other receivables and trade and other payables approximates to their carrying values.

The embedded derivative option liability of the convertible bond is fair valued at each reporting date based on the Black and Scholes option pricing model adjusted with market assumptions relating to share price, risk free rate and volatility. ssThe fair value of the host liability component in the convertible bond is arrived at after deducting the fair value of the embedded derivative option liability from the stock exchange quoted closing bid price of the convertible bond as at the reporting date.

**27. Financial risk management (continued)**

**d) Fair value (continued)**

**Fair value hierarchy (continued)**

The fair value for quoted bonds is based on their market price (including unpaid interest) as at the reporting date. Other loans include term loans and finance leases. These are largely at variable interest rates and therefore, the carrying value normally equates to the fair value.

**28. Share capital**

The share capital of the Company as at 31 December was as follows:

| | **2018** | 2017 |
|---|---|---|
| | **USD'000** | USD'000 |
| ***Authorised*** | | |
| 1,250,000,000 of USD 2.00 each | **2,500,000** | 2,500,000 |
| | | |
| ***Issued and fully paid*** | | |
| 830,000,000 of USD 2.00 each | **1,660,000** | 1,660,000 |

**29. Reserves**

**Share premium**

Share premium represents surplus received over and above the nominal cost of the shares issued to the shareholders and forms part of the shareholder equity. The reserve is not available for distribution except in circumstances as stipulated by the law.

**Shareholders' reserve**

Shareholders' reserve forms part of the distributable reserves of the Group.

**Other reserves**

The following table shows a breakdown of 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

| | **Hedging and other reserves** | **Actuarial reserve** | **Total other reserves** |
|---|---|---|---|
| | **USD'000** | **USD'000** | **USD'000** |
| | | | |
| Balance as at 1 January 2017 | (95,135) | (610,829) | (705,964) |
| Other comprehensive income, net of tax | 41,697 | (895) | 40,802 |
| Pension obligation borne by Parent Company | 91,281 | - | 91,281 |
| Balance as at 31 December 2017 | 37,843 | (611,724) | (573,881) |
| | | | |
| **Balance as at 1 January 2018** | **37,843** | **(611,724)** | **(573,881)** |
| Other comprehensive income, net of tax | **(10,371)** | **26,062** | **15,691** |
| **Balance as at 31 December 2018** | **27,472** | **(585,662)** | **(558,190)** |

**Hedging and other reserves**

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments related to hedge transactions that have not yet occurred.

The other reserves mainly include statutory reserves of subsidiaries as required by applicable local legislations. This reserve also includes the unrealised fair value changes on FVOCI financial instruments.

### 29. Reserves (continued)

**Actuarial reserve**

The actuarial reserve comprises the cumulative actuarial losses recognised in the consolidated statement of other comprehensive income.

**Translation reserve**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It mainly includes foreign exchange translation differences arising from the translation of goodwill and purchase price adjustments which are denominated in foreign currencies at the Group level.

### 30. Interest bearing loans and borrowings

| | **2018** | 2017 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Issued bonds* | **6,937,592** | 4,119,001 |
| Convertible bonds** | **848,865** | 825,412 |
| Bank loans | **2,610,099** | 2,609,656 |
| Finance lease liabilities | **23,207** | 33,775 |
| | **10,419,763** | 7,587,844 |
| of which: | | |
| Classified as non-current | **10,065,388** | 7,287,136 |
| Classified as current | **354,375** | 300,708 |
| | | |
| of which: | | |
| Secured interest bearing loans and borrowings | **2,078,666** | 2,068,490 |
| Unsecured interest bearing loans and borrowings | **8,341,097** | 5,519,354 |

The below table provides movement of interest bearing loans and borrowings:

| | **2018** | 2017 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Balance at 1 January | **7,587,844** | 7,605,027 |
| | | |
| **Cash flow items** | | |
| Acquired through business combinations | **932,140** | 484,918 |
| Additional borrowings during the year | **1,590,940** | 283,402 |
| Proceeds from issue of bonds (net of transaction cost paid) * | **3,263,326** | - |
| Redemption of sukuk | **(431,571)** | (387,300) |
| Repayment of borrowings during the year | **(2,382,237)** | (504,809) |
| | | |
| **Other non-cash items** | | |
| Interest accretion on convertible bonds | **22,068** | 21,066 |
| Transaction cost written off/ amortised during the year | **(23,819)** | (17,272) |
| Translation adjustments | **(138,928)** | 102,812 |
| | | |
| Balance at 31 December | **10,419,763** | 7,587,844 |

* On 25 September 2018, the Group issued multi-currency bonds and sukuk under the USD 5 billion GMTN Programme and USD 3 billion Trust Certificate Issuance Programme respectively, of which USD 440,000 thousand was used to repurchase and cancel JAFZ sukuk certificates and accrued interest on 26 September 2018 as part of the liability management exercise.

**30. Interest bearing loans and borrowings (continued)**

** These 10 year USD 1 billion unsecured convertible bonds have an option of converting into 37.48 million ordinary shares of DP World PLC. These bonds are currently listed on the Frankfurt Stock Exchange with a coupon rate of 1.75% per annum. These bonds include an investor put option which can be exercised at par in June 2021 (Year 7). There is also an issuer call option which can be exercised on or after July 2017 (Year 3), subject to a 130% trigger on the initial conversion price of USD 27.14.

Certain property, plant and equipment and port concession rights are pledged against the facilities obtained from the banks (refer to note 12). The deposits under lien amounting to USD 38,869 thousand (2017: USD 16,150 thousand) are placed to collateralise some of the borrowings of the Company's subsidiaries (refer to note 19).

At 31 December 2018, the undrawn committed borrowing facilities of USD 2,000,000 thousand (2017: USD 2,055,686 thousand) were available to the Group, in respect of which all conditions precedent had been met.

Information about the Group's exposure to interest rate, foreign currency and liquidity risk are described in note 27.

**Shareholder loans**

These loans mainly include USD 104,177 thousand (2017: USD 128,245 thousand) granted by a non-controlling shareholder of an entity under 'Australia and Americas' region. These loans are repayable between 2023 and 2037 at commercial rates

**31. Capital management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, share premium, shareholders' reserve, retained earnings, hedging and other reserves, actuarial reserve and translation reserve. The primary objective of the Group's capital management strategy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The key performance ratios as at 31 December are as follows:

| | **2018** | 2017 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Total interest-bearing loans and borrowings | **10,552,999** | 7,738,978 |
| Less: loans from non-controlling shareholders* | **(133,236)** | (151,134) |
| Less: cash and cash equivalents (refer to note 19) | **(2,614,710)** | (1,483,679) |
| | | |
| Total adjusted net debt | **7,805,053** | 6,104,165 |
| | | |
| Total equity | **11,998,918** | 11,625,362 |
| | | |
| Adjusted EBITDA (refer to note 4) | **2,807,995** | 2,469,034 |
| | | |
| Net finance cost before separately disclosed items | **434,563** | 329,870 |
| | | |
| Adjusted net debt/ equity | **0.65** | 0.53 |
| Adjusted net debt/ adjusted EBITDA | **2.78** | 2.47 |
| | | |
| Interest cover before separately disclosed items (Adjusted EBITDA/ net finance cost before separately disclosed items) | **6.46** | 7.48 |

*Loans from non-controlling shareholders are excluded as they are unsecured and subordinated to external debt as per the terms of the shareholder agreements and shareholder loan notes.

## 32. Operating leases

**Operating lease commitments – Group as a lessee**

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

| | 2018 | 2017 |
|---|---|---|
| | USD'000 | USD'000 |
| | | |
| Within one year | **308,574** | 326,223 |
| Between one to five years | **894,337** | 1,273,277 |
| Between five to ten years | **861,275** | 1,195,744 |
| Between ten to twenty years | **1,585,474** | 1,833,876 |
| Between twenty to thirty years | **1,260,988** | 1,396,953 |
| Between thirty to fifty years | **1,056,831** | 1,134,517 |
| Between fifty to seventy years | **1,060,964** | 914,908 |
| More than seventy years | **788,099** | 800,551 |
| | | |
| **Total** | **7,816,542** | 8,876,049 |

The above operating leases (Group as a lessee) mainly consist of terminal operating leases arising out of concession arrangements which are long term in nature. In addition, there are also leases of plant, equipment and vehicles included above.

**Operating lease commitments – Group as a lessor**

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

| | 2018 | 2017 |
|---|---|---|
| | USD'000 | USD'000 |
| | | |
| Within one year | **361,105** | 360,983 |
| Between one to five years | **854,514** | 816,391 |
| More than five years | **1,010,247** | 950,846 |
| | | |
| **Total** | **2,225,866** | 2,128,220 |

The above operating leases (Group as a lessor) mainly consist of commercial properties leased consisting of land, office accommodation, warehouses and staff accommodation. Besides these, certain property, plant and equipment are also leased out by the Group. The leases contain renewal options for additional lease periods at rental rates based on negotiations or prevailing market rates.

## 33. Capital commitments

| | 2018 | 2017 |
|---|---|---|
| | USD'000 | USD'000 |
| | | |
| Estimated capital expenditure contracted for as at 31 December | **649,201** | 661,305 |

## 34. Contingencies

The Group has the following contingent liabilities arising in the ordinary course of business at 31 December:

| | 2018 | 2017 |
|---|---|---|
| | USD'000 | USD'000 |
| | | |
| Performance guarantees | **113,872** | 86,920 |
| Payment guarantees | **35,903** | 36,533 |
| Letters of credit | **6,821** | 3,025 |
| Guarantees issued on behalf of equity-accounted investees | **42,762** | 25,837 |
| | | |
| **Total** | **199,358** | 152,315 |

The Group has entered into certain agreements with landlords and port authorities which may contain specific volume or payment commitments that could result in minimum concession/lease fees being payable on failure to meet those targets.

**35. Subsequent events**

a) On 13 January 2019, the Group entered into an agreement to acquire 71.3% stake in Puertos y Logistica S.A. ("Pulogsa"), Chile. Pulogsa is listed on the Santiago stock exchange, and the acquisition of the remaining outstanding shares of the business will be effected via a tender offer. The total consideration for 100% acquisition will be USD 502 million, subject to relevant third party consents and certain adjustments contained in the share purchase agreement. This transaction is expected to close in the first half of 2019.

b) On 23 January 2019, the Group announced the acquisition of additional controlling stake in DP World Australia (Holding) Pty Ltd (DP World Australia), valuing DP World Australia at an enterprise value of approximately USD 997 million (AUD 1.4 billion). The transaction is subject to regulatory approval and is expected to close in the first half of 2019.

c) On 20 February 2019, the Group announced the acquisition of the holding company of P&O Ferries and P&O Ferrymasters for a purchase consideration of USD 421 million (GBP 322 million). The transaction is subject to customary completion conditions and is expected to close in the first half of 2019.

# DP World Limited
# and its subsidiaries

## Consolidated financial statements
*31 December 2017*

# DP World Limited and its subsidiaries

## Consolidated financial statements

*31 December 2017*

***Contents***

**Independent Auditors' Report**

To the Shareholders of DP World Limited

**Report on the Audit of the Consolidated Financial Statements**

Opinion

We have audited the consolidated financial statements of DP World Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Dubai International Financial Centre ("DIFC"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Key audit matter**

**Impairment assessment of carrying value of goodwill and port concession rights**

Refer to notes 3 and 15 of the consolidated financial statements.

The Group has significant goodwill and port concession rights arising from the acquisition of businesses. The Group's annual impairment testing on goodwill and port concession rights with indefinite useful lives requires the Group to identify Cash Generating Units (CGUs) in accordance with the requirements of IAS 36 – Impairment of Assets. Impairment testing is then performed using free cash flow projections based on three year financial budgets approved by the Board and five year future forecasts estimated by the Group. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, which forms the basis of the assessment of recoverability, along with the judgemental aspects of the assessment of appropriate CGUs, these are the key areas that our audit concentrated on.

**Our response to address the key audit matter**

Our procedures included:

In respect of the assessment of CGUs: We challenged the identification of CGUs and considered the operating and management structure with reference to our understanding of the business.

In respect of the cash flows: We considered the Group's procedures used to develop the forecasts and the principles and integrity of the Group's discounted cash flow model and re-performed the calculations of the model results to test their accuracy. To challenge the reasonableness of those cash flows, we assessed the historical accuracy of the Group's forecasting and corroborated the forecasts with reference to publicly available information and other evidence that has been made available during the course of the audit. We conducted our own assessments to challenge other key inputs, such as the projected growth rate and perpetuity rate.

In respect of the discount rates: We compared the Group's assumptions to externally-derived data (for example, bond yields and inflation statistics) where appropriate. We used our valuation specialists to assist us in assessing the adequacy of the significant assumptions used in arriving at the discount rates.

In respect of the sensitivity to key assumptions: We performed sensitivity analysis on the discount rates and forecast cash flows. We also considered CGU specific and external market factors to assess the reasonableness of management assumptions.

We assessed the adequacy of the Group's disclosure in these respects.

**Key audit matter**

**Accounting for business acquisitions and disposal**

Refer to notes 3 and 23 of the consolidated financial statements.

During the year, the Group has acquired an additional 66.67% stake in Empresa Brasileira de Terminais Portuarious S.A. ("Embraport") and 93% stake in Remolques y Servicios Marítimos, S.L. ("Reyser"). The Group has also monetised 45% of its stake in the Canadian ports (Prince Rupert and Vancouver).

**Key audit matter (continued)**

**Accounting for business acquisitions and disposal (continued)**

For the acquisitions, the accounting involves estimating the fair value of the assets and liabilities at the acquisition date and the identification and valuation of intangible assets. Significant judgement is involved in relation to the assumptions used in the valuation and purchase price allocation process. Due to the inherent uncertainty involved in discounting future cash flows, there is a risk that these assumptions are inappropriate.

For the monetisation, due to the complex contractual terms and the significance to the Group, there is a risk that the appropriate accounting treatment is not followed for the completed transaction specifically in respect of calculating the profit or loss on monetisation and the recognition of non-controlling interest.

Furthermore, an assessment is required to be made for classification of an investment as a subsidiary, joint venture or associate based on whether the Group has determined to have control, joint control or significant influence respectively.

**Our response to address the key audit matter**

Our procedures included:

We inspected the key terms in the share purchase and sale agreements to assess the control classification of the investments as per IFRS 10 – Consolidated Financial Statements. We agreed the consideration paid or received by comparing relevant amounts to bank records and considered the appropriateness of costs associated with the purchase or sale.

For the acquisitions, we challenged the Group's critical assumptions in relation to the identification and recognition of the assets and liabilities acquired and the associated fair values by involving our valuation specialists to assess the reasonableness of the key assumptions used in the fair value and purchase price allocation as determined by the Group. We reviewed the resulting adjustments for reasonableness and assessed the appropriateness of the disclosures made.

For the monetisation, we assessed whether the key terms and pricing were appropriately reflected in the calculation of profit on monetisation. We also assessed the accounting entries used to record the monetisation, the appropriateness of the disclosures made and the recognition of non-controlling interests.

**Key audit matter**

**Litigation and claims**

Refer to notes 3, 33 and 34 of the consolidated financial statements.

The Group enters into individually significant contracts which may extend to many years and are often directly or indirectly associated with governments. As a result, the Group is subject to a number of material ongoing litigation actions and claims, therefore, the recognition and measurement of provisions and the measurement and disclosure of contingent liabilities in respect of litigation and claims requires significant judgement and accordingly is a key area of focus in our audit.

**Key audit matter (continued)**

**Litigation and claims (continued)**

**Our response to address the key audit matter**

Our procedures included:

Evaluation of the Group's policies, procedures and controls in relation to litigations, claims and provision assessments. Furthermore, we obtained representations from the Group's legal counsel, made independent enquiries and obtained confirmations from external lawyers to understand the legal positions and exposure to the Group.

The outcome of our evaluation was used as a basis to determine the adequacy of the level of provisioning and disclosure in the consolidated financial statements.

**Key audit matter**

**Taxation provisions**

Refer to notes 3 and 8 of the consolidated financial statements.

The Group operates in a number of tax jurisdictions whereby the Group has to estimate the tax effect of applying local legislation which can be complex, uncertain and involve cross border transactions, including transfer pricing arrangements.

Where the precise nature of the tax legislation is unclear, the Group has to make reasonable estimates of the likely tax charge that will arise.

Some of the Group's uncertain tax positions are at various stages of resolution, from preliminary discussions with tax authorities through to tax tribunal or court proceedings where the matters can take a number of years to resolve. Tax provisions have been estimated by the Group with respect to the tax exposures identified but there is the potential risk that the eventual resolution of a matter with the tax authorities is at an amount materially different to the provision recognised.

**Our response to address the key audit matter**

Our procedures included:

We, together with our tax specialists, considered any large or unusual items affecting the effective tax rate and whether or not any current year items would result in an increased or reduced provision. We have assessed the Group's deferred tax position and ensured that any change in tax rates enacted as at the reporting date have been appropriately considered.

In considering the judgements and estimates of tax provisions, we used our tax specialists to assess the Group's tax positions including assessing correspondence with the relevant tax authorities. We challenged the positions taken by the Group based on our knowledge and experience of the jurisdiction in which the Group operates specifically relating to the adequacy of provisions and disclosure within the consolidated financial statements.

**Key audit matter**

**Pensions**

Refer to notes 3 and 20 of the consolidated financial statements.

The Group operates a number of defined benefit pension schemes. The valuation of the pension deficit requires significant levels of judgement and technical expertise in choosing the appropriate assumptions. Changes in a number of the key assumptions including salary increases, inflation, discount rates and mortality assumptions can have a material impact on the calculation of the pension position. As a result of the size of the pension scheme deficit and the judgements inherent in the actuarial assumptions used in the valuation of the pension benefit obligations, we considered this to be an area of focus.

**Our response to address the key audit matter**

Our procedures included:

The Group engages an independent actuary to assist them in calculating the appropriate pension scheme position. We obtained the actuary's report and, with the assistance of our pension specialists, assessed the discount and inflation rates used in calculating the pension deficit to our internally developed benchmarks, which are based on externally available data to assess whether these assumptions were within our expected range. We compared the mortality assumption to national and industry averages to assess that these were reasonable.

We also compared the assumptions with those used in previous years, to assess whether the methodology used in arriving at the assumptions year on year was consistent.

We agreed the material assets of the scheme to third party confirmations and where applicable, recalculated asset valuations based on the quoted prices.

We assessed the adequacy of the disclosures in this area.

*Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon. The Annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

*Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and their preparation in compliance with the applicable provisions of the Companies Law pursuant to DIFC Law No. 2 of 2009 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)*

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

We further report that the consolidated financial statements comply, in all material respects, with the applicable provisions of the Companies Law pursuant to DIFC Law No. 2 of 2009.

KPMG LLP
Rohit Rajvanshi
Dubai, United Arab Emirates

Date: 15 March 2018

# DP World Limited and its subsidiaries

## Consolidated statement of profit or loss

| | | **Year ended 31 December 2017** | | | Year ended 31 December 2016 | | |
|---|---|---|---|---|---|---|---|
| | *Note* | **Before separately disclosed items** | **Separately disclosed items (Note 9)** | **Total** | Before separately disclosed items | Separately disclosed items (Note 9) | Total |
| | | **USD'000** | **USD'000** | **USD'000** | USD'000 | USD'000 | USD'000 |
| | | | | | | | |
| **Revenue** | *5* | **4,714,733** | **14,053** | **4,728,786** | 4,163,325 | 68,243 | 4,231,568 |
| Cost of sales | | **(2,359,467)** | **(14,053)** | **(2,373,520)** | (2,010,490) | (68,243) | (2,078,733) |
| **Gross profit** | | **2,355,266** | **-** | **2,355,266** | 2,152,835 | - | 2,152,835 |
| | | | | | | | |
| General and administrative expenses | | **(693,878)** | **(14,699)** | **(708,577)** | (628,411) | (776) | (629,187) |
| Other income | | **51,844** | **3,433** | **55,277** | 49,301 | 3,878 | 53,179 |
| Loss on disposal and change in ownership of business | *9* | **-** | **(28,234)** | **(28,234)** | (2,966) | (12,524) | (15,490) |
| Share of profit/ (loss) from equity-accounted investees (net of tax) | *16* | **123,592** | **4,172** | **127,764** | 149,435 | (2,957) | 146,478 |
| **Results from operating activities** | | **1,836,824** | **(35,328)** | **1,801,496** | 1,720,194 | (12,379) | 1,707,815 |
| | | | | | | | |
| Finance income | *7* | **95,540** | **550** | **96,090** | 100,247 | 47,462 | 147,709 |
| Finance costs | *7* | **(425,410)** | **(98,100)** | **(523,510)** | (438,357) | (139,521) | (577,878) |
| **Net finance costs** | | **(329,870)** | **(97,550)** | **(427,420)** | (338,110) | (92,059) | (430,169) |
| | | | | | | | |
| **Profit before tax** | | **1,506,954** | **(132,878)** | **1,374,076** | 1,382,084 | (104,438) | 1,277,646 |
| Income tax expense | *8* | **(144,406)** | **101,076** | **(43,330)** | (122,579) | - | (122,579) |
| | | | | | | | |
| **Profit for the year** | *6* | **1,362,548** | **(31,802)** | **1,330,746** | 1,259,505 | (104,438) | 1,155,067 |
| | | | | | | | |
| **Profit attributable to:** | | | | | | | |
| Owners of the Company | | **1,208,517** | **(31,802)** | **1,176,715** | 1,126,554 | (102,300) | 1,024,254 |
| Non-controlling interests | | **154,031** | **-** | **154,031** | 132,951 | (2,138) | 130,813 |
| | | **1,362,548** | **(31,802)** | **1,330,746** | 1,259,505 | (104,438) | 1,155,067 |
| **Earnings per share** | | | | | | | |
| Basic earnings per share – US cents | *11* | **145.60** | | **141.77** | 135.73 | | 123.40 |
| Diluted earnings per share – US cents | *11* | **141.58** | | **141.77** | 132.11 | | 117.16 |

*The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.*

# DP World Limited and its subsidiaries

## Consolidated statement of other comprehensive income

| | | 2017 | 2016 |
|---|---|---|---|
| | *Note* | **USD'000** | USD'000 |
| | | | |
| **Profit for the year** | | **1,330,746** | 1,155,067 |
| | | | |
| **Other comprehensive income (OCI)** | | | |
| | | | |
| ***Items that are or may be reclassified to profit or loss:*** | | | |
| Foreign exchange translation differences – foreign operations* | | **616,653** | (586,792) |
| Foreign exchange translation differences recycled to profit or loss due to change in ownership resulting in control | | **46,949** | 48,913 |
| Net change in fair value of available-for-sale financial assets | | **(779)** | 5,176 |
| Share of other comprehensive income of equity-accounted investees | *16* | **3,988** | 3,416 |
| Cash flow hedges – effective portion of changes in fair value | | **49,255** | (21,178) |
| Related tax on fair value of cash flow hedges | | **(6,262)** | 3,170 |
| | | | |
| ***Items that will never be reclassified to profit or loss:*** | | | |
| Re-measurements of post-employment benefit obligations** | *20* | **131** | (204,987) |
| Related tax | | **(1,026)** | 5,699 |
| | | | |
| **Other comprehensive income for the year, net of tax** | | **708,909** | (746,583) |
| | | | |
| **Total comprehensive income for the year** | | **2,039,655** | 408,484 |
| | | | |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | **1,837,558** | 282,472 |
| Non-controlling interests | | **202,097** | 126,012 |

* A significant portion of this includes foreign exchange translation differences arising from the translation of goodwill and purchase price adjustments which are denominated in foreign currencies at the Group level. The translation differences arising on account of translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency are also reflected here. There are no differences on translation from functional to presentation currency as the Company's functional currency is pegged to the presentation currency.

** 2016 includes re-apportionment of pension fund deficit contribution from a related party and increase in pension actuarial loss on account of the decrease in discount rate at the reporting date.

*The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.*

# DP World Limited and its subsidiaries

## Consolidated statement of financial position

| | | **2017** | 2016 |
|---|---|---|---|
| | *Note* | **USD'000** | USD'000 |
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | *12* | **8,697,371** | 7,522,077 |
| Investment properties | *13* | **1,323,179** | 1,280,325 |
| Intangible assets and goodwill | *14* | **7,920,654** | 7,289,138 |
| Investment in equity-accounted investees | *16* | **2,172,683** | 1,951,658 |
| Other investments | | **72,759** | 60,644 |
| Accounts receivable and prepayments | *17* | **481,741** | 428,627 |
| **Total non-current assets** | | **20,668,387** | 18,532,469 |
| **Current assets** | | | |
| Inventories | | **90,282** | 79,124 |
| Accounts receivable and prepayments | *17* | **871,542** | 793,345 |
| Cash and cash equivalents | *18* | **1,483,679** | 1,299,391 |
| **Total current assets** | | **2,445,503** | 2,171,860 |
| **Total assets** | | **23,113,890** | 20,704,329 |
| **Equity** | | | |
| Share capital | *27* | **1,660,000** | 1,660,000 |
| Share premium | | **2,472,655** | 2,472,655 |
| Shareholders' reserve | | **2,000,000** | 2,000,000 |
| Retained earnings | | **6,759,367** | 5,495,181 |
| Translation reserve | | **(1,503,980)** | (2,124,021) |
| Other reserves | *28* | **(573,881)** | (705,964) |
| **Equity attributable to owners of the Company** | | **10,814,161** | 8,797,851 |
| **Non-controlling interests** | *22* | **811,201** | 721,834 |
| **Total equity** | | **11,625,362** | 9,519,685 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Interest bearing loans and borrowings | *29* | **7,437,270** | 6,874,777 |
| Accounts payable and accruals | *21* | **482,218** | 392,127 |
| Deferred tax liabilities | *8* | **907,860** | 945,257 |
| Employees' end of service benefits | *19* | **122,230** | 112,594 |
| Pension and post-employment benefits | *20* | **187,570** | 314,691 |
| **Total non-current liabilities** | | **9,137,148** | 8,639,446 |
| **Current liabilities** | | | |
| Interest bearing loans and borrowings | *29* | **301,708** | 743,482 |
| Accounts payable and accruals | *21* | **1,947,781** | 1,663,809 |
| Income tax liabilities | *8* | **94,567** | 129,722 |
| Pension and post-employment benefits | *20* | **7,324** | 8,185 |
| **Total current liabilities** | | **2,351,380** | 2,545,198 |
| **Total liabilities** | | **11,488,528** | 11,184,644 |
| | | | |
| **Total equity and liabilities** | | **23,113,890** | 20,704,329 |

*The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.*

*The consolidated financial statements were authorised for issue on 15 March 2018.*

........................................................
Sultan Ahmed Bin Sulayem
Chairman and Chief Executive Officer

........................................................
Yuvraj Narayan
Chief Financial Officer

# DP World Limited and its subsidiaries

## Consolidated statement of changes in equity

| | Attributable to equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital and premium | Shareholders' reserve | Retained earnings | Translation reserve | Other reserves | Total | Non-controlling interests | Total equity |
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| Balance as at 1 January 2016 | 4,132,655 | 2,000,000 | 4,722,382 | (1,593,342) | (494,861) | 8,766,834 | 367,764 | 9,134,598 |
| Profit for the period | - | - | 1,024,254 | - | - | 1,024,254 | 130,813 | 1,155,067 |
| Other comprehensive income, net of tax | - | - | | (530,679) | (211,103) | (741,782) | (4,801) | (746,583) |
| **Transactions with owners, recognised directly in equity** | | | | | | | | |
| Dividends paid (refer to note 10) | - | - | (249,000) | - | - | (249,000) | - | (249,000) |
| Acquisition of non-controlling interests without change in control | - | - | (2,455) | - | - | (2,455) | 722 | (1,733) |
| **Transactions with non-controlling interests, recognised directly in equity** | | | | | | | | |
| Contributions by non-controlling interests | - | - | - | - | - | - | 2,000 | 2,000 |
| Dividends paid | - | - | - | - | - | - | (25,222) | (25,222) |
| Acquisition of subsidiary with non-controlling interests | - | - | - | - | - | - | 250,558 | 250,558 |
| **Balance as at 31 December 2016** | **4,132,655** | **2,000,000** | **5,495,181** | **(2,124,021)** | **(705,964)** | **8,797,851** | **721,834** | **9,519,685** |
| Profit for the period | **-** | **-** | **1,176,715** | **-** | **-** | **1,176,715** | **154,031** | **1,330,746** |
| Other comprehensive income, net of tax | **-** | **-** | **-** | **620,041** | **40,802** | **660,843** | **48,066** | **708,909** |
| **Transactions with owners, recognised directly in equity** | | | | | | | | |
| Change in ownership interests without change in control of subsidiaries (refer to note 24) | **-** | **-** | **403,497** | **-** | **-** | **403,497** | **119,890** | **523,387** |
| Pension obligation borne by Parent Company * | **-** | **-** | **-** | **-** | **91,281** | **91,281** | **-** | **91,281** |
| Dividends paid (refer to note 10) | **-** | **-** | **(315,400)** | **-** | **-** | **(315,400)** | **-** | **(315,400)** |
| Acquisition of non-controlling interests without change in control | **-** | **-** | **(626)** | **-** | **-** | **(626)** | **(4,191)** | **(4,817)** |
| **Transactions with non-controlling interests, recognised directly in equity** | | | | | | | | |
| Contributions by non-controlling interests | **-** | **-** | **-** | **-** | **-** | **-** | **21,880** | 21,880 |
| Dividends paid | **-** | **-** | **-** | **-** | **-** | **-** | **(253,697)** | (253,697) |
| Acquisition of subsidiary with non-controlling interests | **-** | **-** | **-** | **-** | **-** | **-** | **3,388** | 3,388 |
| **Balance as at 31 December 2017** | **4,132,655** | **2,000,000** | **6,759,367** | **(1,503,980)** | **(573,881)** | **10,814,161** | **811,201** | **11,625,362** |

* In 2016, Group accounted for USD 91,281 thousand additional defined benefit obligation in relation to the reapportionment of pension fund deficit from a related party. The re-apportioned liability was subsequently paid by the Parent company in the current year.

*The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.*

# DP World Limited and its subsidiaries

## Consolidated statement of cash flows

| | | | |
|---|---|---|---|
| | | **2017** | 2016 |
| | *Note* | **USD'000** | USD'000 |
| **Cash flows from operating activities** | | | |
| Gross cash flows from operations | *18* | **2,332,606** | 2,115,609 |
| Changes in: | | | |
| Inventories | | **(3,844)** | (11,192) |
| Accounts receivable and prepayments | | **71,583** | (62,671) |
| Accounts payable and accruals | | **127,555** | 52,784 |
| Provisions, pensions and post-employment benefits | | **(115,452)** | (92,907) |
| | | | |
| **Cash provided by operating activities** | | **2,412,448** | 2,001,623 |
| Income taxes paid | | **(204,575)** | (157,086) |
| | | | |
| **Net cash provided by operating activities** | | **2,207,873** | 1,844,537 |
| | | | |
| **Cash flows from investing activities** | | | |
| Additions to property, plant and equipment | *12* | **(945,201)** | (1,073,725) |
| Additions to investment properties | *13* | **(98,884)** | (136,901) |
| Additions to port concession rights | | **(45,566)** | (87,502) |
| Additions to/ advance towards other investments | | **(28,026)** | (23,305) |
| Proceeds from disposal of property, plant and equipment and port concession rights | | **42,579** | 7,414 |
| Proceeds from disposal of other investments | | **-** | 21,554 |
| Proceeds from disposal of a subsidiary | | **-** | 6,965 |
| Cash outflow on acquisition of subsidiaries (net of cash acquired) | | **(179,114)** | (142,950) |
| Cash inflow on monetisation of stake in subsidiaries without change in control | | **523,387** | - |
| Net cash outflow on acquisition of non-controlling interests without change in control | | **(4,817)** | (1,733) |
| Interest received | | **38,030** | 32,140 |
| Dividends received from equity-accounted investees | | **114,695** | 151,146 |
| Additional investment in equity-accounted investees | | **(4,415)** | (13,071) |
| Net loan from equity-accounted investees | | **1,347** | 1,091 |
| | | | |
| **Net cash used in investing activities** | | **(585,985)** | (1,258,877) |
| | | | |
| **Cash flows from financing activities** | | | |
| Repayment of interest bearing loans and borrowings | | **(504,809)** | (1,287,412) |
| Drawdown of interest bearing loans and borrowings | | **290,361** | 1,262,089 |
| Proceeds from issue of bonds (2023 Sukuk) | | **-** | 1,200,000 |
| Redemption of issued bonds (2017 Sukuk) | | **(387,300)** | (1,174,455) |
| Transaction cost paid on issuance of bonds (2023 Sukuk) | | **-** | (10,505) |
| Interest paid | | **(332,420)** | (418,769) |
| Dividend paid to the owners of the Company | | **(315,400)** | (249,000) |
| Contribution by non-controlling interests | | **21,880** | 2,000 |
| Dividend paid to non-controlling interests | | **(253,697)** | (25,222) |
| | | | |
| **Net cash used in financing activities** | | **(1,481,385)** | (701,274) |
| | | | |
| **Net increase/ (decrease) in cash and cash equivalents** | | **140,503** | (115,614) |
| | | | |
| Cash and cash equivalents as at 1 January | | **1,299,391** | 1,436,595 |
| Effect of exchange rate fluctuations on cash held | | **43,785** | (21,590) |
| | | | |
| **Cash and cash equivalents as at 31 December** | *18* | **1,483,679** | 1,299,391 |

*The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.*

## 1. Corporate information

DP World Limited ("the Company") was incorporated on 9 August 2006 as a Company Limited by Shares with the Registrar of Companies of the Dubai International Financial Centre ("DIFC") under the Companies Law, DIFC Law No. 3 of 2006. The consolidated financial statements for the year ended 31 December 2017 comprise the Company and its subsidiaries (collectively referred to as "the Group") and the Group's interests in equity-accounted investees. The Group is engaged in the business of development and management of international marine and inland terminal operations, maritime services, industrial parks and economic zones, logistics and ancillary services to technology-driven trade solutions.

Port & Free Zone World FZE ("the Parent Company"), which originally held 100% of the Company's issued and outstanding share capital, made an initial public offer of 19.55% of its share capital to the public and the Company was listed on the Nasdaq Dubai with effect from 26 November 2007. The Company was further admitted to trade on the London Stock Exchange with effect from 1 June 2011 and voluntarily delisted from the London Stock Exchange on 21 January 2015.

Port & Free Zone World FZE is a wholly owned subsidiary of Dubai World Corporation ("the Ultimate Parent Company").

The Company's registered office address is P.O. Box 17000, Dubai, United Arab Emirates.

## 2. Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared on going concern basis in accordance with International Financial Reporting Standards ("IFRS") and the applicable provisions of the Companies Law pursuant to DIFC Law No. 2 of 2009.

The consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments, investment at fair value through profit or loss and available-for-sale financial assets which are measured at fair value.

### a) Use of estimates and judgements

The management makes estimates and judgements affecting the application of accounting policies and reported numbers in the consolidated financial statements. The significant estimates and judgements are listed below:

**i.** Estimate of useful lives of property, plant and equipment and port concession rights with finite lives.
**ii.** Estimate of expected future cash flows and discount rate for calculating present value of such cash flows used to compute value-in-use of cash-generating units.
**iii.** Judgement on recognition of an identifiable intangible asset separate from goodwill in case of business combination at its estimated fair value. This is based on information available and management's expectations on the date of acquisition.
**iv.** Estimate of collectible amount of accounts receivables where the collection of full amount is not probable.
**v.** Estimate of fair value of derivatives for which an active market is not available is computed using various generally accepted valuation techniques. Such techniques require inputs from observable markets and judgements on market risk and credit risk.
**vi.** Judgements by actuaries in respect of discount rates, future salary increments, mortality rates and inflation rate used for computation of defined benefit liability.
**vii.** Estimate of level of probability of a contingent liability becoming an actual liability and resulting cash outflow based on the information available on the reporting date.
**viii.** Consolidation of entities in which the Group holds less than 50% shareholding and non-consolidation of entities in which the Group holds more than 50% shareholding (refer to note 24).
**ix.** Significant judgement is required in determining the worldwide provision for income taxes.
**x.** Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The actual results may differ from the estimates and judgements made by the management in the above matters. Revisions to the accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

### b) New standards and interpretations not yet effective

A number of new standards, amendments to standards and interpretations are not effective for annual periods beginning 1 January 2017, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

**2. Basis for preparation of the consolidated financial statements (continued)**

**b) New standards and interpretations not yet effective (continued)**

**i. *IFRS 9 Financial Instruments*** (effective from 1 January 2018)

IFRS 9 sets out requirements for recognising, classifying and measuring financial assets and financial liabilities and introduces a new expected credit loss model. The new guidance has also substantially reformed the existing hedge accounting rules. It provides a more principles-based approach that aligns hedge accounting closely with risk management policies. The adoption of IFRS 9 will not affect the classification and measurement of the Group's financial instruments, and the new standard does not fundamentally change the hedging relationships. Management has assessed that the effect of change from the incurred loss model to the expected credit loss model is considered immaterial due to the low credit risk in the Group.

**ii. *IFRS 15 Revenue from contracts with customers*** (effective from 1 January 2018)

IFRS 15 replaces IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard provides a single principles-based five-step model to be applied to all contracts with customers. The Group's current practices for recognising revenue have shown to comply in all material aspects with the concepts and principles encompassed by the new standard and impact on the financial statements is considered immaterial.

**iii. *IFRS 16 Leases*** *(effective from 1 January 2019)*

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating lease incentives and SIC-27 Evaluating the substance of transaction involving the legal form of lease.

The new standard requires the lessee to recognise the operating lease commitment on the balance sheet. The Group, as a lessee, has substantial operating leases and commitments as disclosed in note 31. The standard would require future lease commitments to be recognised as a liability, with a corresponding right of use asset. This will impact the EBITDA and debt to equity ratios of the Group. In addition, depending on the stage of lease, there would be a different pattern of expense recognition on leases. Currently, lease expenses are recognised in cost of sales, however, in future the lease expense would be replaced by an amortisation charge and finance expense.

The Group is in the process of collating its leases and computing the impact. The impact of this standard's application is expected to be significant. The actual impact of applying IFRS 16 at 1 January 2019 will, among other factors, depend on future economic conditions – including the composition of the lease portfolio at that date as well as the level of time charter rates, incremental borrowing rates, etc.

**c) New standards, amendments and interpretations adopted by the Group**

**i. *Amendment to IAS 7, Statement of cash flows*** *(effective from 1 January 2017)*

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The adoption of this standard is not expected to have any significant impact on the Group's financial statements.

**ii. *Amendments to IAS 12, Income taxes*** *(effective from 1 January 2017)*

The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The adoption of this standard is not expected to have any significant impact on the Group's financial statements.

## 3. Significant accounting policies

The following significant accounting policies have been consistently applied in the preparation of these consolidated financial statements throughout the Group to all the years presented, unless otherwise stated.

### a) Basis of consolidation

#### i. *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The acquisition method of accounting is used to account for business combinations by the Group on the date of acquisition.

#### ii. *Business combination achieved in stages*

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at the acquisition date fair values and any resulting gain or loss is recognised in profit or loss.

#### iii. *Change in ownership interests in subsidiaries without loss of control*

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The difference between the fair value of any consideration paid or received and relevant shares acquired or disposed off in the carrying value of net assets of the subsidiary is recorded in equity under retained earnings.

#### iv. *Disposal of subsidiaries (loss of control)*

On the loss of control, the Group derecognises the subsidiary and recognises any surplus or deficit arising on the loss of control in the consolidated statement of profit or loss. Any retained interest is re-measured at fair value on the date control is lost and is subsequently accounted as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### v. *Non-controlling interests*

For each business combination, the Group elects to measure any non-controlling interests at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

#### vi. *Structured entities*

The Group established DP World Crescent Limited (a limited liability company incorporated in the Cayman Islands) as a structured entity ("SE") for the issue of Sukuk Certificates. These certificates are listed on Nasdaq Dubai and London Stock Exchange. The Group does not have any direct or indirect shareholding in this entity.

The Group has also incorporated JAFZ Sukuk (2019) Limited as a SE for issuing New JAFZ Sukuk which are currently listed on Nasdaq Dubai and the Irish Stock Exchange.

The Group consolidates the above SE's based on an evaluation of the substance of its relationship with the Group. This relationship results in the majority of the benefits related to the SE's operations and net assets being received by the Group. It also exposes the Group to risks incident to the SE's activities and retains the majority of the residual or ownership risks related to the SE or its assets.

#### vii. *Investments in associates and joint ventures (equity-accounted investees)*

The Group's interest in equity-accounted investees comprise interest in associates and joint ventures. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Investments in equity-accounted investees are accounted for using the equity method and are initially recorded at cost including transaction costs. The Group's investment includes fair value adjustments (including goodwill) net of any accumulated impairment losses.

At each reporting date, the Group determines whether there is any objective evidence that the investments in the equity-accounted investees are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity-accounted investees and its carrying value and recognises the same in the consolidated statement of profit or loss.

**3. Significant accounting policies (continued)**

**a) Basis of consolidation (continued)**

***viii. Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from the transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**b) Foreign currency**

***i. Functional and presentation currency***

The functional currency of the Company is UAE Dirhams. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary environment in which it operates (functional currency). These consolidated financial statements are presented in USD, which is the Group's presentation currency.

***ii. Foreign currency transactions and balances***

Transactions in foreign currencies are translated to the functional currency of each entity at the foreign exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency of each entity at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currency are translated to the functional currency of each entity at the foreign exchange rate ruling at the date of transaction with no further re-measurement in future. Foreign currency differences are generally recognised in the profit or loss.

***iii. Foreign operations***

For the preparation of consolidated financial statements, the differences arising on translation of financial statements of foreign operations into USD are recognised in other comprehensive income and accumulated in the translation reserve except to the extent of share of non-controlling interests in such differences. Accumulated translation differences are recycled to profit or loss on de-recognition of foreign operations as part of the gain or loss on such derecognition. In case of partial derecognition, accumulated differences proportionate to the stake derecognised are recycled.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such item form part of the net investment in the foreign operation. Accordingly, such differences are recognised in other comprehensive income and accumulated in the translation reserve.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in the consolidated statement of other comprehensive income, to the extent that the hedge is effective.

**c) Financial instruments**

***i. Non-derivative financial assets***

**Initial recognition and subsequent measurement**

The Group classifies non-derivative financial assets into the following categories: held to maturity financial assets, loans and receivables, financial assets at fair value through profit or loss and available-for-sale financial assets. The Group determines the classification of its financial assets at initial recognition. All non-derivative financial assets are recognised initially at fair value, plus, any directly attributable transaction costs. The Group's non-derivative financial assets comprise investments in an unquoted infrastructure fund, debt securities held to maturity, trade and other receivables, due from related parties and, cash and cash equivalents.

The subsequent measurement of non-derivative financial assets depends on their classification.

**Derecognition**

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred and it does not retain control of the financial asset.

**3. Significant accounting policies (continued)**

**c) Financial instruments (continued)**

**ii. *Non-derivative financial liabilities***

**Initial recognition and measurement**

The Group's non-derivative financial liabilities consist of loans and borrowings, bank overdrafts, amounts due to related parties, and trade and other payables. All non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. The Group classifies all its non-derivative financial liabilities as financial liabilities to be carried at amortised cost using effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs to the extent there is evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

**Subsequent measurement**

The subsequent measurement of non-derivative financial liabilities are carried at their amortised cost using the effective interest method.

**Convertible bond**

Convertible bonds issued by the Group are denominated in USD and can be converted into ordinary shares. Convertible bonds are split into two components: a debt component and a component representing the embedded derivative in the convertible bond. The debt component represents a non-derivative financial liability for future coupon payments and the redemption of the principal amount. The embedded derivative, a financial derivative liability, represents the value of the option that bond holders can convert into ordinary shares. The Group has not recorded the embedded derivative within equity due to the existence of cash settlement terms with the Company.

**Derecognition**

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

**iii. *Derivative financial instruments***

The Group holds derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its cash flows exposed to risk of fluctuations in foreign currencies and interest rates.

**Initial recognition**

On initial designation of the derivatives as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and hedged risk together with the methods that will be used to assess the effectiveness of the hedging relationship.

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in the consolidated statement of profit or loss when incurred. Derivative instruments that are not designated as hedging instruments in hedge relationships are classified as financial liabilities or assets at fair value through profit or loss.

**Subsequent measurement**

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in consolidated statement of other comprehensive income to the extent that the hedge is effective and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the consolidated statement of profit or loss.

When the hedged item is a non-financial asset, the amount recognised in the consolidated statement of other comprehensive income is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in consolidated statement of other comprehensive income is transferred to the consolidated statement of profit or loss in the same period that the hedged item affects the consolidated statement of profit or loss.

**Derecognition**

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in consolidated statement of other comprehensive income remains there until the forecast transaction or firm commitment occurs. If the forecast transaction or firm commitment is no longer expected to occur, then the balance in equity is reclassified to the consolidated statement of profit or loss.

### 3. Significant accounting policies (continued)

### d) Property, plant and equipment

#### i. *Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (refer to note 3(j) (i)).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of a self-constructed asset includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the cost of dismantling and removing the items and restoring the site on which they are located. Such property, plant and equipment does not directly increase the future economic benefits of any particular existing item of property, plant and equipment, but may be necessary for an entity to obtain the future economic benefits from its other assets.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Capital work-in-progress is measured at cost less impairment losses and not depreciated until such time the assets are ready for intended use and transferred to the respective category under property, plant and equipment.

**Dredging**

Dredging expenditure is categorised into capital dredging and major maintenance dredging. Capital dredging is expenditure which includes creation of a new harbour, deepening or extension of the channel berths or waterways in order to allow access to larger ships which will result in future economic benefits for the Group. This expenditure is capitalised and amortised over the expected period of the relevant concession agreement. Major maintenance dredging is expenditure incurred to restore the channel to its previous condition and depth. Maintenance dredging is regarded as a separate component of the asset and is capitalised and amortised evenly over 10 years.

#### ii. *Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably.

#### iii. *Depreciation*

Land and capital work in progress is not depreciated. Depreciation on other assets is recognised in the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment and is based on cost less residual value. Leased assets are depreciated on straight-line basis over their estimated useful lives or lease term whichever is shorter.

The estimated useful lives of assets are as follows:

| Assets | Useful life (years) |
|---|---|
| Buildings | 5 – 50 |
| Plant and equipment | 3 – 25 |
| Vessels | 10 – 30 |
| Dredging (included in Land and buildings) | 10 – 99 |

Dredging costs are depreciated on a straight line basis based on the lives of various components of dredging.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

**3. Significant accounting policies (continued)**

**d) Property, plant and equipment (continued)**

**iv. *Borrowing costs***

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time, the assets are substantially ready for their intended use or sale.

**e) Investment properties**

Investment property is measured initially at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property is carried at cost less accumulated depreciation and impairment, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably.

Investment property under construction is not depreciated until such time as the relevant assets are completed and commissioned.

Land is not depreciated. Depreciation is calculated using the straight-line method to allocate the cost to the residual values over the estimated useful lives, as follows:

| **Assets** | **Useful life (years)** |
|---|---|
| Buildings | 20 – 35 |
| Infrastructure | 5 – 50 |

The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

**f) Land use rights**

Land use rights represents the prepaid lease payments of leasehold interests in land under operating lease arrangements. These rights are amortised using the straight-line method to allocate the cost over the term of rights of 99 years.

**g) Goodwill**

Goodwill arises on the acquisition of subsidiaries and equity-accounted investees. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is measured at cost less accumulated impairment losses (refer to note 3(j) (i)). Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. An impairment loss in respect of goodwill is not reversed.

In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and is not tested for impairment separately.

**3. Significant accounting policies (continued)**

**h) Port concession rights**

The Group classifies the port concession rights as intangible assets as the Group bears demand risk over the infrastructure assets. Substantially all of the Group's terminal operations are conducted pursuant to long-term operating concessions or leases entered into with the owner of a relevant port for terms generally between 25 and 50 years (excluding the port concession rights relating to equity-accounted investees). The Group commonly starts negotiations regarding renewal of concession agreements with approximately 5-10 years remaining on the term and often obtains renewals or extensions on the concession agreements in advance of their expiration in return for a commitment to make certain capital expenditures in respect of the subject terminal. In addition, such negotiations may result in the re-basing of rental charges to reflect prevailing market rates. However, based on the Group's experience, incumbent operators are typically granted renewal often because it can be costly for a port owner to switch operators, both administratively and due to interruptions to port operations and reduced productivity associated with such transactions. Port concession rights consist of:

***i. Port concession rights arising on business combinations***

The cost of port concession rights acquired in a business combination is the fair value as at the date of acquisition.

Following initial recognition, port concession rights are carried at cost less accumulated amortisation and any accumulated impairment losses (refer to note 3(j)(i)). The useful lives of port concession rights are assessed to be either finite or indefinite.

Port concession rights with finite lives are amortised on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the port concession rights may be impaired. The amortisation period and amortisation method for port concession rights with finite useful lives are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expenses on port concession rights with finite useful lives are recognised in the consolidated statement of profit or loss on a straight-line basis.

Port concession rights with indefinite lives (arising where freehold rights are granted) are not amortised and are tested for impairment at least on an annual basis or when the impairment indicator exists, either individually or at the cash-generating unit level. The useful life of port concession rights with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

***ii. Port concession rights arising from Service Concession Arrangements (IFRIC 12)***

The Group recognises port concession rights arising from a service concession arrangement, in which the grantor (government or port authorities) controls or regulates the services provided and the prices charged, and also controls any significant residual interest in the infrastructure such as property, plant and equipment, if the infrastructure is existing infrastructure of the grantor or the infrastructure is constructed or purchased by the Group as part of the service concession arrangement.

Port concession rights also include certain property, plant and equipment which are reclassified as intangible assets in accordance with IFRIC 12 '*Service Concession Arrangements'.* These assets are amortised based on the lower of their useful lives or concession period.

Gains or losses arising from de-recognition of port concession rights are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

The estimated useful lives for port concession rights range within a period of 5 – 50 years (including the concession rights relating to equity-accounted investees).

**i) Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**3. Significant accounting policies (continued)**

**i) Leases (continued)**

***i. Group as a lessee***

Assets held by the Group under leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the consolidated statement of profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance lease.

Contingent payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

***ii. Group as a lessor***

Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as income in the period in which they are earned.

***iii. Leasing and sub-leasing transactions***

Leasing and sub-leasing transactions are designed to achieve certain benefits for the third parties in overseas locations in return for a cash benefit to the Group. Such cash benefit is accounted in the consolidated statement of profit or loss based on its economic substance.

***iv. Leases of land in port concession***

Leases of land have not been classified as finance leases as the Group believes that the substantial risks and rewards of ownership of the land have not been transferred. Accordingly, these are accounted as operating leases. The existence of a significant exposure of the lessor to performance of the asset through contingent rentals is the basis of concluding that substantially all the risks and rewards of ownership have not passed.

**j) Impairment**

***i. Non-financial assets***

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed for impairment whenever there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, the assets are grouped together into smallest group of assets (cash generating unit or "CGU") that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU's.

Goodwill and port concession rights with infinite useful lives, as part of their respective cash-generating units, are also reviewed for impairment at each reporting date or at least once in a year regardless of any indicators of impairment. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

In respect of non-financial assets (other than goodwill), impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount, which would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. **Significant accounting policies (continued)**

j) **Impairment (continued)**

ii. ***Financial assets***

Financial assets not classified at fair value through profit or loss are assessed by management at each reporting date to determine whether there is objective evidence of impairment.

**Loans and receivables and held to maturity investments**

The Group considers evidence of impairment for loans and receivables and held to maturity investment securities at both a specific asset level and collective level. All individually significant receivables and held to maturity investment securities are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

**Available-for-sale financial assets**

A significant or prolonged decline in the fair value of an equity investment is considered as objective evidence of impairment. The Group considers that generally a decline of 20% will be considered as significant and a decline of over 9 months will be considered as prolonged.

k) **Employee benefits**

i. ***Pension and post-employment benefits***

**Defined contribution plans**

A defined contribution plan is a post-employment benefit plan in which the Company pays the fixed contribution to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in the consolidated statement of profit or loss during which the services are rendered by employees.

**Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine the present value, and the fair value of any plan asset is deducted to arrive at net obligation. The calculation is performed annually by a qualified actuary using the projected unit credit method which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised directly in the consolidated statement of other comprehensive income. The cost of providing benefits under the defined benefit plans is determined separately for each plan.

Contributions, including lump sum payments, in respect of defined contribution pension schemes and multi-employer defined benefit schemes where it is not possible to identify the Group's share of the scheme, are charged to the consolidated statement of profit or loss as they fall due.

ii. ***Short-term employee benefits***

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**3. Significant accounting policies (continued)**

**l) Provisions**

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost in the consolidated statement of profit or loss.

**m) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue mainly consists of containerised stevedoring, other containerised revenue, non-containerised revenue, service concession revenue and lease rentals. Non-containerised revenue mainly includes logistics and handling of break bulk cargo.

The following specific recognition criteria must also be met before revenue is recognised:

***i. Rendering of services***

Revenue from providing containerised stevedoring, other containerised services and non-containerised services is recognised on the delivery and completion of those services.

***ii. Service concession arrangements (IFRIC 12)***

Revenues relating to construction contracts which are entered into with government authorities for the construction of the infrastructure necessary for the provision of services are measured at the fair value of the consideration received or receivable. Revenue from service concession arrangements is recognised based on the fair value of construction work performed at the reporting date.

***iii. Lease rentals and related services***

A lease rental is recognised on a straight line basis over the lease term. Where the consideration for the lease is received for subsequent period, the attributable amount of revenue is deferred and recognised in the subsequent period. Unrecognised revenue is classified as deferred revenue under liabilities in the consolidated statement of financial position. Revenue from administrative service, license, registration and consultancy is recognised as the service is provided.

**n) Finance income and costs**

Finance income comprises interest income on cash and cash equivalents and gains on hedging instruments that are recognised in the consolidated statement of profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprises interest expense on borrowings, unwinding of discount on provisions, impairment losses recognised on financial assets, losses on hedging instruments and fair value changes of debt instruments that are recognised in the consolidated statement of profit or loss.

Finance income and costs also include realised and unrealised exchange gains and losses on monetary assets and liabilities (refer to note 3(b) (ii)).

**3. Significant accounting policies (continued)**

**o) Income tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in consolidated statement of other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. It also includes any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Current tax and deferred tax assets and liabilities are offset only if certain criteria are met.

**p) Earnings per share**

The Group presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company (after adjusting for interest on the convertible bond and other consequential changes in income or expense that would result from the assumed conversion) by the weighted average number of ordinary shares outstanding during the year including the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares (refer to note 11).

**q) Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Board of Directors ('Chief Operating Decision Maker') to assess performance.

**r) Separately disclosed items**

The Group presents, as separately disclosed items on the face of the consolidated statement of profit or loss, those items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow users to understand better, the elements of financial performance in the period, so as to facilitate a comparison with prior periods and a better assessment of trends in financial performance.

**4. Segment information**

The Group has identified the following geographic areas as its basis of segmentation.

- Asia Pacific and Indian subcontinent
- Australia and Americas
- Middle East, Europe and Africa

Each of these operating segments have an individual appointed as Segment Director responsible for these segments, who in turn reports to the Chief Operating Decision Maker. In addition to the above reportable segments, the Group reports unallocated head office costs, finance costs, finance income and tax expense under the head office segment

The Group measures segment performance based on the earnings before separately disclosed items, interest, tax, depreciation and amortisation ("Adjusted EBITDA").

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, investment property, and port concession rights other than goodwill.

Information regarding the results of each reportable segment is included below.

# DP World Limited and its subsidiaries

## Notes to consolidated financial statements

**4. Segment information (continued)**

The following table presents certain results, assets and liabilities information regarding the Group’s segments as at the reporting date.

| | Asia Pacific and Indian subcontinent | | Australia and Americas | | Middle East, Europe and Africa | | Head office | | Inter-segment | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2017** | 2016 | **2017** | 2016 | **2017** | 2016 | **2017** | **2016** | **2017** | 2016 | **2017** | 2016 |
| | **USD’000** | USD’000 | **USD’000** | USD’000 | **USD’000** | USD’000 | **USD’000** | **USD’000** | **USD’000** | USD’000 | **USD’000** | USD’000 |
| | | | | | | | | | | | | |
| Revenue | **682,272** | 501,496 | **762,151** | 659,020 | **3,284,363** | 3,071,052 | **-** | - | **-** | - | **4,728,786** | 4,231,568 |
| Adjusted for separately disclosed items | **(14,053)** | (68,243) | **-** | - | | - | **-** | - | **-** | - | **(14,053)** | (68,243) |
| **Revenue before separately disclosed items** | **668,219** | 433,253 | **762,151** | 659,020 | **3,284,363** | 3,071,052 | **-** | - | **-** | - | **4,714,733** | 4,163,325 |
| | | | | | | | | | | | | |
| **Adjusted EBITDA** | **434,989** | 316,476 | **291,485** | 293,052 | **1,917,640** | 1,791,269 | **(175,080)** | (137,720) | **-** | - | **2,469,034** | 2,263,077 |
| Finance income | **-** | - | **-** | - | **-** | - | **95,540** | 100,247 | **-** | - | **95,540** | 100,247 |
| Finance costs | **-** | - | **-** | - | **-** | - | **(425,410)** | (438,357) | **-** | - | **(425,410)** | (438,357) |
| Tax expense | **-** | - | **-** | - | **-** | - | **(144,406)** | (122,579) | **-** | - | **(144,406)** | (122,579) |
| Depreciation and amortisation | **(101,760)** | (67,260) | **(94,046)** | (77,389) | **(427,169)** | (391,184) | **(9,235)** | (7,050) | **-** | - | **(632,210)** | (542,883) |
| **Adjusted net profit/ (loss) before separately disclosed items** | **333,229** | 249,216 | **197,439** | 215,663 | **1,490,471** | 1,400,085 | **(658,591)** | (605,459) | **-** | - | **1,362,548** | 1,259,505 |
| Adjusted for separately disclosed items | **(13,313)** | (6,284) | **(32,384)** | 2,076 | **10,369** | (8,171) | **3,526** | (92,059) | **-** | - | **(31,802)** | (104,438) |
| **Profit/ (loss) for the year** | **319,916** | 242,932 | **165,055** | 217,739 | **1,500,840** | 1,391,914 | **(655,065)** | (697,518) | **-** | - | **1,330,746** | 1,155,067 |

Net finance cost and tax expense from various geographical locations and head office have been grouped under head office.

# DP World Limited and its subsidiaries

## Notes to consolidated financial statements

**4. Segment information (continued)**

| | Asia Pacific and Indian subcontinent | | Australia and Americas | | Middle East, Europe and Africa | | Head office | | Inter-segment | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2017** | 2016 | **2017** | 2016 | **2017** | 2016 | **2017** | 2016 | **2017** | 2016 | **2017** | 2016 |
| | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 |
| | | | | | | | | | | | | |
| Segment assets | **4,576,571** | 4,350,319 | **3,103,562** | 2,092,970 | **18,062,307** | 15,333,720 | **9,345,615** | 9,205,350 | **(11,974,165)** | (10,278,030) | **23,113,890** | 20,704,329 |
| Segment liabilities | **661,767** | 605,616 | **643,515** | 379,373 | **4,042,232** | 3,455,870 | **8,693,264** | 8,524,199 | **(3,554,677)** | (2,855,393) | **10,486,101** | 10,109,665 |
| Tax liabilities* | **-** | - | **-** | - | **-** | - | **1,002,427** | 1,074,979 | **-** | - | **1,002,427** | 1,074,979 |
| Total liabilities | **661,767** | 605,616 | **643,515** | 379,373 | **4,042,232** | 3,455,870 | **9,695,691** | 9,599,178 | **(3,554,677)** | (2,855,393) | **11,488,528** | 11,184,644 |
| | | | | | | | | | | | | |
| Capital expenditure | **87,670** | 81,068 | **163,999** | 156,457 | **835,695** | 1,057,844 | **2,287** | 2,759 | **-** | - | **1,089,651** | 1,298,128 |
| Depreciation | **43,022** | 22,801 | **64,801** | 55,527 | **339,645** | 310,077 | **9,234** | 7,050 | **-** | - | **456,702** | 395,455 |
| Amortisation/ impairment | **58,738** | 44,459 | **29,245** | 21,862 | **91,127** | 81,883 | **-** | - | **-** | - | **179,110** | 148,204 |
| Share of profit/(loss) of equity accounted investees before separately disclosed items | **117,365** | 125,215 | **(14,894)** | 6,418 | **21,121** | 17,802 | **-** | - | **-** | - | **123,592** | 149,435 |
| Tax expense | **-** | - | **-** | - | **-** | - | **43,330** | 122,579 | **-** | - | **43,330** | 122,579 |

*Tax liabilities and tax expenses from various geographical locations have been grouped under head office.

## 5. Revenue

| | 2017 | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| *Revenue consists of:* | | |
| Containerised stevedoring revenue | **1,856,806** | 1,535,059 |
| Containerised other revenue | **1,450,110** | 1,315,186 |
| Non-containerised revenue | **821,751** | 759,516 |
| Service concession revenue (refer to note 9) | **14,053** | 68,243 |
| Lease rentals and related services | **586,066** | 553,564 |
| | | |
| **Total** | **4,728,786** | 4,231,568 |

## 6. Profit for the year

| | 2017 | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| *Profit for the year is stated after charging the following costs:* | | |
| Staff costs | **933,712** | 826,947 |
| Depreciation and amortization | **632,210** | 542,883 |
| Operating lease rentals | **399,968** | 364,365 |
| Impairment loss (refer to note 9) | **3,602** | 776 |

## 7. Finance income and costs

| | 2017 | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| **Finance income** | | |
| Interest income | **66,400** | 56,420 |
| Exchange gains | **29,140** | 43,827 |
| | | |
| **Finance income before separately disclosed items** | **95,540** | 100,247 |
| Separately disclosed items (refer to note 9) | **550** | 47,462 |
| | | |
| **Finance income after separately disclosed items** | **96,090** | 147,709 |
| | | |
| **Finance costs** | | |
| Interest expense | **(372,950)** | (375,065) |
| Exchange losses | **(46,550)** | (57,672) |
| Other net financing expense in respect of pension plans | **(5,910)** | (5,620) |
| | | |
| **Finance costs before separately disclosed items** | **(425,410)** | (438,357) |
| Separately disclosed items (refer to note 9) | **(98,100)** | (139,521) |
| | | |
| **Finance costs after separately disclosed items** | **(523,510)** | (577,878) |
| | | |
| **Net finance costs after separately disclosed items** | **(427,420)** | (430,169) |

## 8. Income tax

The major components of income tax expense for the year ended 31 December:

| | 2017 | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Current tax on profits for the year | **193,987** | 175,195 |
| Adjustments for change in estimates related to prior years | **(24,506)** | (39,193) |
| | | |
| | **169,481** | 136,002 |
| Deferred tax credit | **(126,151)** | (13,423) |
| **Income tax expense** | **43,330** | 122,579 |
| Share of income tax of equity-accounted investees | **48,963** | 47,130 |
| | | |
| **Total tax expense** | **92,293** | 169,709 |
| | | |
| **Income tax balances included in the consolidated statement of financial position:** | | |
| Current income tax receivable (included within accounts receivable and prepayments) | **31,551** | 32,318 |
| Current income tax liabilities | **94,567** | 129,722 |

The relationship between the total tax expense and the accounting profit can be explained as follows:

| | | 2017 | 2016 |
|---|---|---|---|
| | | **USD'000** | USD'000 |
| | | | |
| Net profit before tax | | **1,374,076** | 1,277,646 |
| | | | |
| Tax at the Company's domestic rate of 0% (2016: 0%) | | **-** | - |
| Income tax on foreign earnings | | **139,118** | 121,342 |
| Net current year tax losses incurred, on which deferred tax is not recognised | | **15,699** | 27,189 |
| Tax charge on equity-accounted investees | | **48,963** | 47,130 |
| Effect of rate change | | **2,188** | (11,035) |
| Deferred tax in respect of fair value adjustments | | **(15,198)** | (11,436) |
| Others | | **20,971** | 37,226 |
| | | | |
| **Tax expense before prior year adjustments** | | **211,741** | 210,416 |
| | | | |
| Change in estimates related to prior years: | | | |
| - current tax | | **(24,507)** | (39,193) |
| - deferred tax | | **6,135** | (1,514) |
| | | | |
| **Total tax expense from operations before separately disclosed items** | **(A)** | **193,369** | 169,709 |
| Separately disclosed items | | **(101,076)** | - |
| | | | |
| **Total tax expense** | | **92,293** | 169,709 |
| | | | |
| Net profit before tax | | **1,374,076** | 1,277,646 |
| Separately disclosed items | | **132,878** | 104,438 |
| Share of income tax of equity-accounted investees | | **48,963** | 47,130 |
| | | | |
| **Adjusted profit before tax and before separately disclosed items** | **(B)** | **1,555,917** | 1,429,214 |
| | | | |
| **Effective tax rate before separately disclosed items** | **(A/B)** | **12.43%** | 11.87% |

8. **Income tax (continued)**

**Unrecognised deferred tax assets**

Deferred tax assets are not recognised on trading losses of USD 786,799 thousand (2016: USD 656,449 thousand) where utilisation is uncertain, either because they have not been agreed with tax authorities, or because the likelihood of future taxable profits is not sufficiently certain, or because of the impact of tax holidays. Under current legislation, USD 598,892 thousand (2016: USD 420,692 thousand) of these trading losses can be carried forward indefinitely.

Deferred tax assets are also not recognised on capital and other losses of USD 208,342 thousand (2016: USD 221,394 thousand) as their utilisation is uncertain.

**Group tax rates**

The Group is not subject to income tax on its UAE operations. The total tax expense relates to the tax payable on the profit earned by the overseas subsidiaries and equity-accounted investees as adjusted in accordance with the taxation laws and regulations of the countries in which they operate. The applicable tax rates in the regions in which the Group operates are set out below:

| *Geographical segments* | *Applicable corporate tax rate* |
|---|---|
| | |
| Asia Pacific and Indian subcontinent | 10% to 34.6% |
| Australia and Americas | 0% to 36.0% |
| Middle East, Europe and Africa | 0% to 34.0% |

Movement in temporary differences during the year:

| | **1 January 2017** | **Recognised in consolidated statement of profit or loss** | **Acquisitions in the period** | **Translation and other movements** | **31 December 2017** |
|---|---|---|---|---|---|
| | **USD'000** | **USD'000** | **USD'000** | **USD'000** | **USD'000** |
| *Deferred tax liabilities* | | | | | |
| Property, plant and equipment | **92,599** | **8,633** | **-** | **3,348** | **104,580** |
| Investment in equity-accounted investees | **47,458** | **(22,826)** | **-** | **(1,653)** | **22,979** |
| Fair value of acquired intangibles | **441,415** | **(15,980)** | **50,512** | **42,856** | **518,803** |
| Others | **410,768** | **(105,061)** | **(1,245)** | **1,423** | **305,885** |
| **Total before set off** | **992,240** | **(135,234)** | **49,267** | **45,974** | **952,247** |
| | | | | | |
| **Set off of deferred tax asset against liabilities** | **(46,983)** | **-** | **-** | **-** | **(44,387)** |
| **Net deferred tax liabilities** | **945,257** | **-** | **-** | **-** | **907,860** |
| | | | | | |
| *Deferred tax assets* | | | | | |
| Pension and post-employment benefits | **13,075** | **(3,068)** | **47** | **1,463** | **11,517** |
| Financial instruments | **8,366** | **(787)** | **-** | **(897)** | **6,682** |
| Provisions | **3,912** | **(760)** | **87** | **(872)** | **2,367** |
| Tax value of losses carried forward recognised | **21,630** | **418** | **-** | **1,773** | **23,821** |
| **Total before set off** | **46,983** | **(4,197)** | **134** | **1,467** | **44,387** |
| | | | | | |
| **Set off of deferred tax asset against liabilities** | **(46,983)** | **-** | **-** | **-** | **(44,387)** |
| **Net deferred tax assets (included within non-current account receivables and prepayments)** | **-** | **-** | **-** | **-** | **-** |

**9. Separately disclosed items**

| | 2017 | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| **Revenue** | | |
| Construction contract revenue relating to service concessions | **14,053** | 68,243 |
| **Cost of sales** | | |
| Construction contract costs relating to service concessions | **(14,053)** | (68,243) |
| **General and administrative expenses** | | |
| Impairment of property, plant and equipment and investment properties | **(3,602)** | (776) |
| Acquisition related costs and restructuring provisions (net) | **(11,097)** | - |
| **Other income** | **3,433** | 3,878 |
| **Loss on conversion of an associate to a subsidiary** | **(28,234)** | (12,524) |
| **Share of profit/ (loss) from equity-accounted investees** | **4,172** | (2,957) |
| **Finance income** | | |
| Change in fair value of convertible bond option | **-** | 47,462 |
| Ineffective swaps | **550** | - |
| **Finance costs** | | |
| Change in fair value of convertible bond option | **(77,034)** | - |
| Finance costs related to convertible bond | **(21,066)** | (20,110) |
| Ineffective swaps | **-** | (3,432) |
| Sukuk redemption costs | **-** | (61,755) |
| Transaction costs | **-** | (54,224) |
| **Income tax** | **101,076** | - |
| | | |
| **Total** | **(31,802)** | (104,438) |

**Construction contract revenue and costs**: In accordance with IFRIC 12 '*Service Concession Arrangements'*, the Group has recorded revenue on the construction of a port in the 'Asia Pacific and Indian subcontinent' region. The construction revenue represents the fair value of the construction services provided in developing the port. No margin has been recognised, as in management's opinion the fair value of the construction services provided approximates the construction cost.

**Impairment of property, plant and equipment and investment properties** relates to subsidiaries in the 'Middle East, Europe and Africa' region.

**Acquisition related costs and restructuring provisions** represent advisory, legal, valuation, professional consulting, general and administrative costs directly related to various business acquisitions in the Group and reversal of excess restructuring provisions in a subsidiary in the 'Middle East, Europe and Africa' region.

**Other income** represents non-recurring income in a subsidiary in the 'Middle East, Europe and Africa' region. (2016 represents the gain on sale of other investments in the 'Asia Pacific and Indian subcontinent' region and in the 'Middle East, Europe and Africa' region).

**Loss on conversion of an associate to a subsidiary** relates to the loss on re-measurement to fair value of the existing stake resulting from the acquisition of a controlling stake in an equity-accounted investee in the 'Australia and Americas' region. (2016 relates to the loss on sale of a subsidiary in the 'Middle East, Europe and Africa' region and loss on re-measurement to fair value of the existing stake resulting from the acquisition of a controlling stake in an equity-accounted investee in the 'Asia Pacific and Indian subcontinent' region).

**Share of loss from equity-accounted investees** relates to release of deferred tax liability of USD 15,985 thousand due to tax rate change in an equity-accounted investee in the 'Middle East, Europe and Africa' region offset by impairment of goodwill of USD 11,813 thousand in an equity-accounted investee in the 'Asia Pacific and Indian subcontinent' region. (2016 represents the non-recurring expenses incurred in the 'Middle East, Europe and Africa' region).

**Change in fair value of convertible bond option** relates to the movement based on re-measured fair value of the embedded derivative liability of the convertible bonds.

**9. Separately disclosed items (continued)**

**Ineffective swaps** relates to an ineffective element of cash flow hedge in a subsidiary in the 'Middle East, Europe and Africa' region. (2016: ineffective element of a cash flow hedge in a subsidiary in the 'Middle East, Europe and Africa' region and the loss on termination of interest rate swap in a subsidiary in the 'Australia and Americas' region).

**Finance costs related to convertible bond** represents the accretion of liability component as at the reporting date to the amount that will be payable on redemption of the convertible bond.

**Sukuk redemption costs** represents the redemption premium paid on an early redemption of sukuk bond liability.

**Transaction costs** relates to costs on restructuring and termination of loans in subsidiaries in the 'Middle East, Europe and Africa' region.

**Income tax credit** relates to the release of deferred tax liability on account of a tax rate change.

**10. Dividends**

| | **2017** | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| **Declared and paid during the year:** | | |
| Final dividend: 38 US cents per share/ 30 US cents per share | **315,400** | 249,000 |
| **Proposed for approval at the annual general meeting** | | |
| *(not recognised as a liability as at 31 December):* | | |
| Final dividend: 41 US cents per share/ 38 US cents per share | **340,300** | 315,400 |

**11. Earnings per share**

The calculation of basic and diluted earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

| | **2017** | **2017** | 2016 | 2016 |
|---|---|---|---|---|
| | **Before separately disclosed items** | **Adjusted for separately disclosed items** | Before separately disclosed items | Adjusted for separately disclosed items |
| | **USD'000** | **USD'000** | USD'000 | USD'000 |
| Profit attributable to the ordinary shareholders of the Company (a) | **1,208,517** | **1,176,715** | 1,126,554 | 1,024,254 |
| Adjustment for costs/ (income) related to convertible bonds saved as a result of the conversion | **18,772** | **116,872** | 18,666 | (8,686) |
| **Profit attributable to the ordinary shareholders of the Company after conversion (b)** | **1,227,289** | **1,293,587** | 1,145,220 | 1,015,568 |
| Weighted average number of basic shares outstanding as at 31 December (c) | **830,000,000** | **830,000,000** | 830,000,000 | 830,000,000 |
| Weighted average numbers of shares due to conversion of convertible bond | **36,846,510** | **36,846,510** | 36,846,510 | 36,846,510 |
| **Total weighted average number of ordinary shares (diluted) outstanding – (d)** | **866,846,510** | **866,846,510** | 866,846,510 | 866,846,510 |
| **Basic earnings per share US cents – (a/c)** | **145.60** | **141.77** | 135.73 | 123.40 |
| **Diluted earnings per share US cents – (b/d)** | **141.58** | **141.77*** | 132.11 | 117.16 |
| **Anti-diluted earnings per share US cents – (b/d)** | **-** | **149.23** | - | - |

* Diluted earnings per share (adjusted for separately disclosed items) for the year ended 31 December 2017 is equal to basic earnings per share (adjusted for separately disclosed items) as it is antidilutive.

## 12. Property, plant and equipment

| | Land and buildings | Plant and equipment | Vessels | Capital work-in-progress | Total |
|---|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| **Cost** | | | | | |
| As at 1 January 2016 | 3,884,675 | 3,927,182 | 279,549 | 1,056,958 | 9,148,364 |
| Acquired through business combination | 14,964 | 327,868 | - | 1,649 | 344,481 |
| Additions during the year | 11,324 | 62,225 | 2,960 | 997,216 | 1,073,725 |
| Transfers from capital work-in-progress | 381,421 | 282,300 | 2,013 | (665,734) | - |
| Transfer from investment properties | - | 270 | - | - | 270 |
| Disposals | (30,296) | (48,649) | (2,455) | - | (81,400) |
| Translation adjustment | (90,513) | (285,415) | (3,817) | (64,484) | (444,229) |
| As at 31 December 2016 | 4,171,575 | 4,265,781 | 278,250 | 1,325,605 | 10,041,211 |
| | | | | | |
| **As at 1 January 2017** | **4,171,575** | **4,265,781** | **278,250** | **1,325,605** | **10,041,211** |
| Acquired through business combination | **8,579** | **544,824** | **93,962** | **-** | **647,365** |
| Additions during the year | **33,332** | **65,452** | **20,267** | **826,150** | **945,201** |
| Transfers from capital work-in-progress | **346,474** | **573,461** | **42,404** | **(962,339)** | **-** |
| Transfer from investment properties | **-** | **892** | **-** | **-** | **892** |
| Disposals | **(14,897)** | **(79,407)** | **(7,494)** | **-** | **(101,798)** |
| Translation adjustment | **85,339** | **187,437** | **21,345** | **41,298** | **335,419** |
| **As at 31 December 2017** | **4,630,402** | **5,558,440** | **448,734** | **1,230,714** | **11,868,290** |
| | | | | | |
| **Depreciation and impairment** | | | | | |
| As at 1 January 2016 | 869,521 | 1,251,777 | 57,940 | - | 2,179,238 |
| Acquired through business combination | 1,289 | 125,875 | - | - | 127,164 |
| Charge for the year | 130,858 | 212,027 | 19,392 | - | 362,277 |
| Impairment loss | 4 | 772 | - | - | 776 |
| On disposals | (21,966) | (44,699) | (1,370) | - | (68,035) |
| Translation adjustment | (10,479) | (70,089) | (1,718) | - | (82,286) |
| As at 31 December 2016 | 969,227 | 1,475,663 | 74,244 | - | 2,519,134 |
| | | | | | |
| As at 1 January 2017 | **969,227** | **1,475,663** | **74,244** | **-** | **2,519,134** |
| Acquired through business combination | **2,037** | **153,652** | **53,255** | **-** | **208,944** |
| Charge for the year | **144,389** | **252,720** | **21,826** | **-** | **418,935** |
| Impairment loss | **-** | **1,515** | **-** | **-** | **1,515** |
| On disposals | **(7,485)** | **(49,412)** | **(7,494)** | **-** | **(64,391)** |
| Translation adjustment | **20,160** | **56,008** | **10,614** | **-** | **86,782** |
| **As at 31 December 2017** | **1,128,328** | **1,890,146** | **152,445** | **-** | **3,170,919** |
| **Net book value** | | | | | |
| At 31 December 2016 | 3,202,348 | 2,790,118 | 204,006 | 1,325,605 | 7,522,077 |
| **At 31 December 2017** | **3,502,074** | **3,668,294** | **296,289** | **1,230,714** | **8,697,371** |

In the prior years, the Group had entered into agreements with third parties pursuant to which the Group participated in a series of linked transactions including leasing and sub-leasing of certain cranes of the Group ("the Crane French Lease Arrangements"). At 31 December 2017, cranes with aggregate net book value amounting to USD 210,017 thousand (2016: USD 225,756 thousand) were covered by these Crane French Lease Arrangements. These cranes are accounted for as property, plant and equipment as the Group retains all the risks and rewards incidental to the ownership of the underlying assets.

At 31 December 2017, property, plant and equipment with a carrying amount of USD 1,917,423 thousand (2016: USD 2,180,671 thousand) are pledged to bank loans (refer to note 29).

Borrowing costs capitalised to property, plant and equipment amounted to USD 5,121 thousand (2016: USD 20,510 thousand) with a capitalisation rate in the range of 0.16% to 0.53% per annum (2016: 2.27% to 3.84% per annum).
The fair value of property, plant and equipment recognised as a result of business combination was determined using the market approach model.

**13. Investment properties**

| | Land | Buildings and infrastructure | Under development | Total |
|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 |
| **Cost** | | | | |
| As at 1 January 2016 | 30,378 | 970,094 | 205,016 | 1,205,488 |
| Additions during the year | 3,491 | 88,801 | 44,609 | 136,901 |
| Transfers | - | 11,716 | (11,716) | - |
| Transfer to property, plant and equipment | - | - | (270) | (270) |
| Translation adjustment | (260) | - | (97) | (357) |
| As at 31 December 2016 | 33,609 | 1,070,611 | 237,542 | 1,341,762 |
| | | | | |
| **As at 1 January 2017** | **33,609** | **1,070,611** | **237,542** | **1,341,762** |
| Additions during the year | **2,450** | **-** | **96,434** | **98,884** |
| Transfers | **-** | **92,736** | **(92,736)** | **-** |
| Transfer to property, plant and equipment | **-** | **-** | **(892)** | **(892)** |
| Disposals | **(251)** | **(15,500)** | **(1,196)** | **(16,947)** |
| Translation adjustment | **1,609** | **-** | **54** | **1,663** |
| **As at 31 December 2017** | **37,417** | **1,147,847** | **239,206** | **1,424,470** |
| | | | | |
| **Depreciation and impairment** | | | | |
| As at 1 January 2016 | - | 28,259 | - | 28,259 |
| Depreciation charge for the year | - | 33,178 | - | 33,178 |
| As at 31 December 2016 | - | 61,437 | - | 61,437 |
| | | | | |
| **As at 1 January 2017** | **-** | **61,437** | **-** | **61,437** |
| Depreciation charge for the year | **-** | **37,767** | **-** | **37,767** |
| Impairment loss | **-** | **1,746** | **341** | **2,087** |
| **As at 31 December 2017** | **-** | **100,950** | **341** | **101,291** |
| | | | | |
| **Net book value:** | | | | |
| As at 31 December 2016 | 33,609 | 1,009,174 | 237,542 | 1,280,325 |
| **As at 31 December 2017** | **37,417** | **1,046,897** | **238,865** | **1,323,179** |

Revenue on lease rentals from investment properties recognised in profit or loss amounted to USD 466,677 thousand (2016: USD 460,865 thousand) while associated costs related to these investment properties amounted to USD 114,478 thousand (2016: USD 109,790 thousand).

**Land:**

At 31 December 2017, the fair value of land was estimated to be USD 76,900 thousand (2016: USD 65,941 thousand) compared to the carrying value of USD 37,417 thousand (2016: USD 33,609 thousand).

**Buildings and infrastructure:**

At 31 December 2017, the fair value of buildings and infrastructure was USD 2,271,513 thousand (2016: USD 2,107,291 thousand) compared to the carrying value of USD 1,046,897 thousand (2016: USD 1,009,174 thousand). The buildings and infrastructure are constructed on a land for which the Economic Zones and Logistics park business obtained land use rights for a period of 99 years.

**Investment properties under development:**

Investment properties under development mainly include infrastructure development, staff accommodation and office building in Jebel Ali Free Zone, UAE. Based on management's assessment, the fair value of investment properties under development approximates their carrying value as at the reporting date.

**Key assumptions used in determination of the fair value of investment properties**

On an annual basis, the Group engages external, independent and qualified valuers who have the relevant experience to value such properties in order to determine the fair value of the Group's investment properties. The external valuation of the investment properties has been performed using income capitalization, comparable and residual methods of valuation. The external valuers, in discussion with the Group's management, have determined these inputs based on the current lease rates, specific market conditions and comparable benchmarking of rents and capital values and rentals in the wider corresponding market. The significant unobservable inputs used in the fair value measurement are as follows:

## 13. Investment properties (continued)

- Market rent (per square metre per annum)
- Rent growth per annum
- Historical and estimated long term occupancy rate
- Yields, discount rates and terminal capitalization rates

The fair value of investment properties are categorised under level 3 hierarchy and the Group considers the current use of these properties as their highest and best use.

## 14. Intangible assets and goodwill

| | Land use rights | Goodwill | Port concession rights and other intangible assets | Total |
|---|---|---|---|---|
| | **USD'000** | **USD'000** | **USD'000** | **USD'000** |
| **Cost** | | | | |
| As at 1 January 2016 | 2,677,717 | 1,460,386 | 4,042,167 | 8,180,270 |
| Acquired through business combinations | - | 61,519 | 498,400 | 559,919 |
| Additions | - | - | 87,502 | 87,502 |
| Translation adjustment | - | (166,122) | (194,357) | (360,479) |
| As at 31 December 2016 | 2,677,717 | 1,355,783 | 4,433,712 | 8,467,212 |
| | | | | |
| **As at 1 January 2017** | **2,677,717** | **1,355,783** | **4,433,712** | **8,467,212** |
| Acquired through business combinations | **-** | **-** | **365,287** | **365,287** |
| Additions | **-** | **-** | **87,662** | **87,662** |
| Translation adjustment | **-** | **114,598** | **331,731** | **446,329** |
| **As at 31 December 2017** | **2,677,717** | **1,470,381** | **5,218,392** | **9,366,490** |
| | | | | |
| **Amortisation and impairment** | | | | |
| As at 1 January 2016 | 23,096 | - | 1,022,257 | 1,045,353 |
| Charge for the year | 29,212 | - | 118,216 | 147,428 |
| Translation adjustment | - | - | (14,707) | (14,707) |
| As at 31 December 2016 | 52,308 | - | 1,125,766 | 1,178,074 |
| | | | | |
| **As at 1 January 2017** | **52,308** | **-** | **1,125,766** | **1,178,074** |
| Charge for the year | **29,200** | **-** | **146,308** | **175,508** |
| Translation adjustment | **-** | **-** | **92,254** | **92,254** |
| **As at 31 December 2017** | **81,508** | **-** | **1,364,328** | **1,445,836** |
| | | | | |
| **Net book value:** | | | | |
| As at 31 December 2016 | 2,625,409 | 1,355,783 | 3,307,946 | 7,289,138 |
| **As at 31 December 2017** | **2,596,209** | **1,470,381** | **3,854,064** | **7,920,654** |

Port concession rights include concession agreements which are mainly accounted for as part of business combinations and acquisitions. These concessions were determined to have finite and indefinite useful lives based on the terms of the respective concession agreements and the income approach model was used for the purpose of determining their fair values.

At 31 December 2017, port concession rights with a carrying amount of USD 374 thousand (2016: USD 11,790 thousand) are pledged to bank loans (refer to note 29).

## 15. Impairment testing

Goodwill acquired through business combinations and port concession rights with indefinite useful lives have been allocated to various cash-generating units, for the purpose of impairment testing.

Impairment testing is done at an operating port (or group of ports) level that represents an individual CGU. Details of the CGUs by operating segment are shown below:

| | **Carrying amount of goodwill** | | **Carrying amount of port concession rights with indefinite useful life** | | **Discount rates** | **Perpetuity growth rate** |
|---|---|---|---|---|---|---|
| | **2017** | 2016 | **2017** | 2016 | | |
| | **USD'000** | USD'000 | **USD'000** | USD'000 | | |
| **Cash-generating units aggregated by operating segment** | | | | | | |
| Asia Pacific and Indian subcontinent | **233,570** | 219,919 | **-** | - | 6.50% - 11.50% | 2.50% |
| Australia and Americas | **342,650** | 320,926 | **-** | - | 6.00% - 14.50% | 2.50% |
| Middle East, Europe and Africa | **894,161** | 814,938 | **848,880** | 776,919 | 6.00% - 16.00% | 2.50% |
| **Total** | **1,470,381** | 1,355,783 | **848,880** | 776,919 | | |

The recoverable amount of the CGU has been determined based on their value in use calculated using cash flow projections based on the financial budgets approved by management covering a three year period and a further outlook for five years, which is considered appropriate in view of the outlook for the industry and the long-term nature of the concession agreements held i.e. generally for a period of 25-50 years.

**Key assumptions used in value in use calculations**

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill and port concession rights with indefinite useful lives.

*Budgeted margins* – The basis used to determine the value assigned to the budgeted margin is the average gross margin achieved in the year immediately before the budgeted year, adjusted for expected efficiency improvements, price fluctuations and manpower costs.

*Discount rates* – These represent the cost of capital adjusted for the risks associated with the cash flows of the CGU being valued. The Group uses the post-tax Weighted Average Cost of Capital that represents a market participant discount rate.

*Cost inflation* – The forecast general price index is used to determine the cost inflation during the budget year for the relevant countries where the Group is operating.

*Perpetuity growth rate* – In management's view, the perpetuity growth rate is the minimum growth rate expected to be achieved beyond the eight year period. This is based on the overall regional economic growth forecasted and the Group's existing internal capacity changes for a given region. The Group also takes into account competition and regional capacity growth to provide a comprehensive growth assumption for the entire portfolio.

The values assigned to key assumptions are consistent with the past experience of management.

**Sensitivity to changes in assumptions**

The calculation of value in use for the CGU is sensitive to future earnings and therefore a sensitivity analysis was performed. The analysis demonstrated that a 10% decrease in earnings for a future period of three years from the reporting date would not result in significant impairment. Similarly, an increase of 0.25% in discount rate and decrease of 0.25% in perpetuity growth rate would not result in significant impairment.

## 16. Investment in equity-accounted investees

The following table summarises the segment wise financial information for equity-accounted investees, adjusted for fair value adjustments (using the income approach model) at acquisition together with the carrying amount of the Group's interest in equity-accounted investees as included in the consolidated statement of financial position:

| | **Asia Pacific and Indian subcontinent** | | **Australia and Americas** | | **Middle East, Europe and Africa** | | **Total** | |
|---|---|---|---|---|---|---|---|---|
| | **2017** | 2016 | **2017** | 2016 | **2017** | 2016 | **2017** | 2016 |
| | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 | **USD'000** | USD'000 |
| | | | | | | | | |
| Cash and cash equivalents | **619,948** | 432,726 | **138,293** | 147,176 | **239,142** | 203,733 | **997,383** | 783,635 |
| Other current assets | **186,374** | 232,754 | **106,289** | 111,735 | **265,891** | 186,858 | **558,554** | 531,347 |
| Non-current assets | **6,396,749** | 6,167,755 | **1,586,116** | 2,146,178 | **2,813,120** | 2,459,574 | **10,795,985** | 10,773,507 |
| **Total assets** | **7,203,071** | 6,833,235 | **1,830,698** | 2,405,089 | **3,318,153** | 2,850,165 | **12,351,922** | 12,088,489 |
| | | | | | | | | |
| Current financial liabilities | **25,951** | - | **17,027** | 595,272 | **61,144** | 37,734 | **104,122** | 633,006 |
| Other current liabilities | **434,519** | 317,386 | **181,136** | 170,598 | **293,921** | 249,081 | **909,576** | 737,065 |
| Non-current financial liabilities | **973,497** | 1,092,416 | **1,282,768** | 1,009,024 | **579,555** | 534,625 | **2,835,820** | 2,636,065 |
| Other non-current liabilities | **430,311** | 466,819 | **17,105** | 137,061 | **583,467** | 520,062 | **1,030,883** | 1,123,942 |
| **Total liabilities** | **1,864,278** | 1,876,621 | **1,498,036** | 1,911,955 | **1,518,087** | 1,341,502 | **4,880,401** | 5,130,078 |
| **Net assets (100%)** | **5,338,793** | 4,956,614 | **332,662** | 493,134 | **1,800,066** | 1,508,663 | **7,471,521** | 6,958,411 |
| **Group's share of net assets in equity-accounted investees** | | | | | | | **2,172,683** | 1,951,658 |
| | | | | | | | | |
| Revenue | **1,375,504** | 1,489,325 | **656,529** | 599,720 | **746,085** | 587,559 | **2,778,118** | 2,676,604 |
| Depreciation and amortisation | **(263,768)** | (292,542) | **(92,531)** | (107,201) | **(107,066)** | (93,828) | **(463,365)** | (493,571) |
| Other expenses | **(566,946)** | (605,441) | **(458,788)** | (410,974) | **(526,943)** | (448,606) | **(1,552,677)** | (1,465,021) |
| Interest expense | **(70,211)** | (70,090) | **(223,476)** | (241,971) | **(46,505)** | (42,015) | **(340,192)** | (354,076) |
| Other finance income | **21,225** | 19,860 | **51,386** | 149,040 | **(646)** | 1,753 | **71,965** | 170,653 |
| Income tax expense | **(138,080)** | (146,669) | **(26,530)** | (3,295) | **(17,487)** | 25,503 | **(182,097)** | (124,461) |
| **Net profit/ (loss) (100%)** | **357,724** | 394,443 | **(93,410)** | (14,681) | **47,438** | 30,366 | **311,752** | 410,128 |
| | | | | | | | | |
| **Group's share of profit (before separately disclosed items)** | | | | | | | **123,592** | 149,435 |
| **Dividends received** | | | | | | | **114,695** | 151,146 |
| **Group's share of other comprehensive income** | | | | | | | **3,988** | 3,416 |

**17. Accounts receivable and prepayments**

| | 2017 | 2017 | 2016 | 2016 |
|---|---|---|---|---|
| | **Non-current** | **Current** | Non-current | Current |
| | **USD'000** | **USD'000** | USD'000 | USD'000 |
| | | | | |
| Trade receivables (net) | **-** | **454,052** | - | 410,334 |
| Advances paid to suppliers | **-** | **69,776** | - | 81,966 |
| Other receivables and prepayments | **167,886** | **298,160** | 137,789 | 220,515 |
| Due from related parties (refer to note 25) | **313,855** | **49,554** | 290,838 | 80,530 |
| **Total** | **481,741** | **871,542** | 428,627 | 793,345 |

The Group's exposure to credit and currency risks are disclosed in note 26.

**18. Cash and cash equivalents**

| | 2017 | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Cash at banks and in hand | **651,675** | 619,251 |
| Short-term deposits | **815,854** | 614,618 |
| Deposits under lien | **16,150** | 65,522 |
| **Cash and cash equivalents for consolidated statement of cash flows** | **1,483,679** | 1,299,391 |

Short-term deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit market rates.

The deposits under lien are placed to collateralise some of the borrowings of the Company's subsidiaries.

**Cash flow information**

| | | 2017 | 2016 |
|---|---|---|---|
| | *Note* | **USD'000** | USD'000 |
| **Cash flows from operating activities** | | | |
| Profit for the year | | **1,330,746** | 1,155,067 |
| *Adjustments for:* | | | |
| Depreciation and amortization | *6* | **632,210** | 542,883 |
| Impairment loss | *6* | **3,602** | 776 |
| Share of profit from equity-accounted investees (net of tax) | | **(127,764)** | (146,478) |
| Finance costs | *7* | **523,510** | 577,878 |
| Gain on disposal of other investments | | **-** | (3,878) |
| Gain on sale of property, plant and equipment | | **(5,172)** | (999) |
| Loss on disposal and change in ownership of business | *9* | **28,234** | 15,490 |
| Finance income | *7* | **(96,090)** | (147,709) |
| Income tax expense | *8* | **43,330** | 122,579 |
| **Gross cash flows from operations** | | **2,332,606** | 2,115,609 |

**19. Employees' end of service benefits**

Movements in the provision recognised in the consolidated statement of financial position are as follows:

| | 2017 | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| As at 1 January | **112,594** | 97,762 |
| Acquired through business combinations | **-** | 8,422 |
| Provision made during the year * | **20,560** | 17,647 |
| Amounts paid during the year | **(12,607)** | (11,237) |
| Translation | **1,683** | - |
| **As at 31 December** | **122,230** | 112,594 |

* The provision for expatriate staff gratuities, included in Employees' end of service benefits, is calculated in accordance with the regulations of the Jebel Ali Free Zone Authority. This is based on the liability that would arise if employment of all staff were terminated at the reporting date.

**19. Employees' end of service benefits (continued)**

The UAE government had introduced Federal Labour Law No.7 of 1999 for pension and social security. Under this Law, employers are required to contribute 15% of the 'contribution calculation salary' of those employees who are UAE nationals. These employees are also required to contribute 5% of the 'contribution calculation salary' to the scheme. The Group's contribution is recognised as an expense in the consolidated statement of profit or loss as incurred.

**20. Pension and post-employment benefits**

The Group participates in a number of pension schemes throughout the world.

**a) P&O UK Scheme**

This principal scheme is located in the UK (the "P&O UK Scheme"). The P&O UK Scheme is a funded defined benefit scheme and was closed to routine new members on 1 January 2002 and to future accrual on 31 December 2015. The pension fund is legally separated from the Group and managed by a Trustee board. The assets of the scheme are managed on behalf of the Trustee by independent fund managers.

Formal actuarial valuations of the P&O UK scheme are normally carried out triennially by qualified independent actuaries, the most recent valuation was at 31 March 2016 using the projected unit credit method. The deficit on a statutory funding objectives basis was USD 123,078 thousand. The Group agreed with the Trustee to a new monthly deficit payment plan effective from 1 April 2016 of USD 12,173 thousand until 31 March 2020, then increasing to a total of USD 13,863 thousand until 31 March 2024 and then increasing to USD 16,230 thousand a year until 30 November 2026.
In December 2007, as part of a process developed with the Group to de-risk the pension scheme, the Trustee transferred USD 1,600,000 thousand of P&O UK Scheme assets to Paternoster (UK) Ltd, in exchange for a bulk annuity insurance policy to ensure that the assets (in the Company's statement of financial position and in the Scheme) will always be equal to the current value of the liability of the pensions in payment at 30 June 2007, thus removing the funding risks for these liabilities.

In December 2017, the Group entered into a Flexible Apportionment Arrangement which enabled a related party to withdraw as an employer from the P&O Pension Scheme, following which all current and future deficit liabilities of the Scheme were taken over by the Group with an additional cash contribution of USD 17,583 thousand.

**b) Merchant Navy Officers' Pension Fund ("MNOPF")**

The Group participates in various industry multi-employer schemes, the most significant of which is the MNOPF Scheme and is in the UK. These generally have assets held in separate trustee administered funds which are legally separated from the Group.

It is an industry wide multi-employer defined benefit scheme in which officers employed by companies within the Group have participated.

The most recent formal actuarial valuation of the New Section of MNOPF scheme was carried out as at 31 March 2015. This resulted in a deficit of USD 4,058 thousand. The Trustee Board believe their investment strategy will address this deficit and therefore has not issued deficit contribution notices to employers in respect of the 2015 actuarial valuation. The New Section closed to future accrual in April 2016.

Following earlier actuarial valuations in 2009 and 2012 the Trustee and Employers agreed contributions to be paid to the Section by participating employers over the period to 30 September 2023. These contributions included an allowance for the impact of irrecoverable contributions in respect of companies no longer in existence or not able to pay their share. In September 2017, the Trustee offered a settlement sum of USD 19,926 thousand to the Group which would clear the outstanding contributions (due payable bi-annually to September 2023) and save the Group USD 2,807 thousand in future interest payments. The Group agreed and settled the payment on 28 September 2017. There are no outstanding contributions due by Group in 2018.

In 2016, Group has accounted for an amount of USD 91,281 thousand as an additional defined benefit obligation with regards to reapportionment of deficit contribution from a related party. In April 2017, this liability was borne and paid by the Parent Company.

The Group's share of the net deficit of the New Section at 31 December 2017 is estimated at 5.36%.

**20. Pension and post-employment benefits (continued)**

**c) Merchant Navy Ratings' Pension Fund ("MNRPF")**

The MNRPF Scheme is an industry wide multi-employer defined benefit pension scheme in which sea staff employed by companies within the Group have participated. The scheme has a significant funding deficit and has been closed to further benefit accrual from 2001.

Certain Group companies, which are no longer current employers in the MNRPF had settled their statutory debt obligation and were not considered to have any legal obligation with respect to the on-going deficit in the fund. However, following a legal challenge, by Stena Line Limited, the High Court decided that the Trustee could require all employers that had ever participated in the scheme to make contributions to fund the deficit. Although the Group appealed, the decision was not overturned.

The Group's deficit contributions arising from the 31 March 2014 valuation totalled USD 38,276 thousand (equating to 7.0% share of the net deficit). The contributions due to the Scheme in respect of this valuation will be paid over the period to 31 October 2022. Deficit contributions of USD 4,795 thousand were paid into the Scheme in 2017. The Group's aggregated outstanding contributions from this valuation are payable as follows: 2018 to 2022 USD 4,797 thousand per annum.

The most recent formal actuarial valuation was carried out as at 31 March 2017. The Group's deficit contributions arising from this valuation totalled USD 11,796 thousand. A consultation regarding the valuation assumptions, factors and outcome is currently underway. The Group has submitted a response to the consultation. A final decision by the Trustee is expected to be communicated at the end of Q1 2018.

The Trustee set the payment terms for each participating employer in accordance with the Trustee's Contribution Collection Policy which includes credit vetting.

**d) Others**

The Group also operates a number of smaller defined benefit and defined contribution schemes.

The board of a pension scheme in the UK is required by law to act in the best interests of the fund participants and is responsible for setting certain policies (e.g. investment, contributions and indexation policies) and determining recovery plans, if appropriate.

These defined benefit schemes expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. In addition, by participating in certain multi-employer industry schemes, the Group can be exposed to a pro-rata share of the credit risk of other participating employers.

*Reconciliation of assets and liabilities recognised in the consolidated statement of financial position*

| | **2017** | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| **Non-current** | | |
| Defined benefit schemes net liabilities | **187,037** | 313,980 |
| Liability in respect of long service leave | **331** | 406 |
| Liability for other non-current deferred compensation | **202** | 305 |
| | **187,570** | 314,691 |
| **Current** | | |
| Liability for current deferred compensation | **7,324** | 8,185 |
| | | |
| **Net liabilities** | **194,894** | 322,876 |
| | | |
| *Reflected in the consolidated statement of financial position as follows:* | | |
| Employee benefits assets (included within non-current receivables) | **-** | - |
| Employee benefits liabilities: Non-current | **187,570** | 314,691 |
| Employee benefits liabilities: Current | **7,324** | 8,185 |
| | | |

**20. Pension and post-employment benefits (continued)**

Long term employee benefit expense recognised in consolidated statement of profit and loss consist of following:

| | **2017** | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Defined benefit schemes | **7,722** | 6,617 |
| Defined contribution schemes | **11,664** | 10,215 |
| Other employee benefits | **1,545** | 11,623 |
| **Total** | **20,931** | 28,455 |

The re-measurements of the net defined benefit liability gross of tax recognised in the consolidated statement of other comprehensive income is as follows:

| | **2017** | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Actuarial (gain)/loss recognised in the year | **(51,610)** | 368,269 |
| Return on plan assets greater/(lesser) than the discount rate | **(58,045)** | (150,722) |
| Change in share in multi-employer scheme | **643** | (270) |
| Movement in minimum funding liability | **108,881** | (12,290) |
| | | |
| **Total** | **(131)** | 204,987 |

**Actuarial valuations and assumptions**

The latest valuations of the defined benefit schemes have been updated to 31 December 2017 by qualified independent actuaries. The principal assumptions are included in the table below. The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not necessarily be borne out in practice.

| | **P&O UK scheme** | **MNOPF scheme** | **Other schemes** | P&O UK scheme | MNOPF scheme | Other schemes |
|---|---|---|---|---|---|---|
| | **2017** | **2017** | **2017** | 2016 | 2016 | 2016 |
| | | | | | | |
| Discount rates | **2.50%** | **2.50%** | **2.50%** | 2.50% | 2.50% | 2.70% |
| Discount rates bulk annuity asset | **2.30%** | **-** | **-** | 2.40% | - | - |
| Expected rates of salary increases | **-*** | **-*** | **2.4%** | -* | -* | 3.00% |
| Pension increases: | | | | | | |
| deferment | **3.00%** | **2.45%** | **2.80%** | 3.00% | 2.50% | 3.20% |
| payment | **3.00%** | **3.35%** | **3.10%** | 3.00% | 3.40% | 3.20% |
| Inflation | **3.45%** | **3.45%** | **3.30%** | 3.50% | 3.50% | 3.30% |

* The P&O UK Scheme and MNOPF were closed to future accrual as at 31 December 2016, so future pay increases are not relevant.

**20. Pension and post-employment benefits (continued)**

The assumptions for pensioner longevity under both the P&O UK scheme and the MNOPF scheme are based on an analysis of pensioner death trends under the respective schemes over many years.

For illustration, the life expectancies for the two schemes at age 65 now and in the future are detailed in the table below.

| | **Male** | | **Female** | |
|---|---|---|---|---|
| | **Age 65 now** | **Age 65 in 20 years' time** | **Age 65 now** | **Age 65 in 20 years' time** |
| **2017** | | | | |
| **P&O UK scheme** | **21.9** | **23.7** | **23.8** | **25.6** |
| **MNOPF scheme** | **23.0** | **26.0** | **26.4** | **29.3** |
| | | | | |
| 2016 | | | | |
| P&O UK scheme | 22.3 | 24.5 | 24.3 | 26.6 |
| MNOPF scheme | 23.0 | 25.9 | 26.4 | 29.2 |

At 31 December 2017, the weighted average duration of the defined benefit obligation was 15.6 years (2016: 17.3 years).

Reasonably possible changes to one of the actuarial assumptions, holding other assumptions constant (in practice, this is unlikely to occur, and changes in some of the assumptions may be correlated), would have increased the net defined benefit liability as at 31 December 2017 by the amounts shown below:

| | **USD'000** |
|---|---|
| 0.1% reduction in discount rate | **5,400** |
| 0.1% increase in inflation assumption and related assumptions | **2,200** |
| 0.25% p.a. increase in the long term rate of mortality improvement | **2,600** |

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The schemes' strategic asset allocations across the sectors of the main asset classes are:

| | **P&O UK scheme** | **MNOPF scheme** | **Other schemes** | **Total group schemes fair value** |
|---|---|---|---|---|
| | **USD'000** | **USD'000** | **USD'000** | **USD'000** |
| **2017** | | | | |
| Equities | **260,221** | **89,400** | **66,002** | **415,623** |
| Bonds | **349,486** | **164,735** | **184,887** | **699,108** |
| Other | **190,432** | **-** | **38,005** | **228,437** |
| Value of insured pensioner liability | **1,033,581** | **-** | **2,840** | **1,036,421** |
| | | | | |
| **Total** | **1,833,720** | **254,135** | **291,734** | **2,379,589** |
| | | | | |
| 2016 | | | | |
| Equities | 443,643 | 51,721 | 79,866 | 575,230 |
| Bonds | 188,987 | 74,928 | 144,424 | 408,339 |
| Other | 27,404 | - | 19,504 | 46,908 |
| Value of insured pensioner liability | 984,557 | - | - | 984,557 |
| | | | | |
| Total | 1,644,591 | 126,649 | 243,794 | 2,015,034 |

With the exception of the insured pensioner liability, all material investments have quoted prices in active markets.

**20. Pension and post-employment benefits (continued)**

Reconciliation of the opening and closing present value of defined benefit obligations for the period ended 31 December 2017 and 31 December 2016:

| | **P&O UK scheme** | **MNOPF scheme** | **Other schemes** | **Total group schemes** | P&O UK scheme | MNOPF scheme | Other schemes | Total group schemes |
|---|---|---|---|---|---|---|---|---|
| | **2017** | **2017** | **2017** | **2017** | 2016 | 2016 | 2016 | 2016 |
| | **USD'000** | **USD'000** | **USD'000** | **USD'000** | USD'000 | USD'000 | USD'000 | USD'000 |
| | | | | | | | | |
| **Present value of obligation at 1 January** | **(1,763,587)** | **(223,797)** | **(317,436)** | **(2,304,820)** | (1,871,200) | (220,700) | (304,389) | (2,396,289) |
| | | | | | | | | |
| Employer's interest cost | **(45,046)** | **(5,663)** | **(8,668)** | **(59,377)** | (61,450) | (7,293) | (10,345) | (79,088) |
| Employer's current service cost | **-** | **-** | **(4,118)** | **(4,118)** | - | - | (2,836) | (2,836) |
| Contributions by scheme participants | **-** | **-** | **(1,158)** | **(1,158)** | - | - | (1,215) | (1,215) |
| Effect of movement in exchange rates | **(164,505)** | **(20,534)** | **(30,484)** | **(215,523)** | 331,852 | 40,661 | 61,238 | 433,751 |
| Benefits paid | **92,022** | **10,811** | **10,167** | **113,000** | 91,298 | 9,994 | 11,210 | 112,502 |
| Experience gains/(losses) on scheme liabilities | **9,653** | **8,366** | **(1,287)** | **16,732** | 29,577 | 135 | 810 | 30,522 |
| Change in share in multi-employer scheme | **(7,979)** | **3,346** | **-** | **(4,633)** | - | (3,376) | - | (3,376) |
| Actuarial gain on scheme liabilities due to change in demographic assumptions | **33,977** | **-** | **2,574** | **36,551** | 70,046 | 1,891 | - | 71,937 |
| Actuarial gains/(losses) on scheme liabilities due to change in financial assumptions | **3,089** | **386** | **(5,148)** | **(1,673)** | (353,710) | (45,109) | (71,909) | (470,728) |
| | | | | | | | | |
| **Present value of obligation at 31 December** | **(1,842,376)** | **(227,085)** | **(355,558)** | **(2,425,019)** | (1,763,587) | (223,797) | (317,436) | (2,304,820) |

**20. Pension and post-employment benefits (continued)**

Reconciliation of the opening and closing present value of fair value of scheme assets for the period ended 31 December 2017 and 31 December 2016:

| | **P&O UK scheme** | **MNOPF scheme** | **Other schemes** | **Total group schemes** | P&O UK scheme | MNOPF scheme | Other schemes | Total group schemes |
|---|---|---|---|---|---|---|---|---|
| | **2017** | **2017** | **2017** | **2017** | 2016 | 2016 | 2016 | 2016 |
| | **USD'000** | **USD'000** | **USD'000** | **USD'000** | USD'000 | USD'000 | USD'000 | USD'000 |
| | | | | | | | | |
| Fair value of scheme assets at 1 January | **1,644,591** | **126,649** | **243,794** | **2,015,034** | 1,794,483 | 220,374 | 243,296 | 2,258,153 |
| Interest income on assets | **42,214** | **5,148** | **6,821** | **54,183** | 59,019 | 7,293 | 8,508 | 74,820 |
| Return on plan assets greater/ (lesser) than the discount rate | **45,432** | **3,346** | **9,267** | **58,045** | 187,457 | (68,338) | 31,603 | 150,722 |
| Contributions by employer | **28,958** | **116,217** | **17,375** | **162,550** | 11,345 | 5,672 | 19,853 | 36,870 |
| Contributions by scheme participants | **-** | **-** | **1,158** | **1,158** | - | - | 1,215 | 1,215 |
| Effect of movement in exchange rates | **159,013** | **17,704** | **24,516** | **201,233** | (314,254) | (31,464) | (48,391) | (394,109) |
| Benefits paid | **(92,022)** | **(10,811)** | **(10,167)** | **(113,000)** | (91,298) | (9,994) | (11,210) | (112,502) |
| Change in share in multi-employer scheme | **7,722** | **(3,732)** | **-** | **3,990** | - | 3,646 | - | 3,646 |
| Administration costs incurred during the year | **(2,188)** | **(386)** | **(1,030)** | **(3,604)** | (2,161) | (540) | (1,080) | (3,781) |
| | | | | | | | | |
| **Fair value of scheme assets at 31 December** | 1,833,720 | 254,135 | 291,734 | 2,379,589 | 1,644,591 | 126,649 | 243,794 | 2,015,034 |
| | | | | | | | | |
| Defined benefit schemes net liabilities | **(8,656)** | **27,050** | **(63,824)** | **(45,430)** | (118,996) | (97,148) | (73,642) | (289,786) |
| Minimum funding liability | **(103,872)** | **(27,050)** | **(10,685)** | **(141,607)** | - | (14,936) | (9,258) | (24,194) |
| | | | | | | | | |
| **Net liability recognised in the consolidated statement of financial position at 31 December** | **(112,528)** | **-** | **(74,509)** | **(187,037)** | (118,996) | (112,084)* | (82,900) | (313,980) |

* This includes reapportionment of pension fund deficit contribution from a related party at the reporting date.

## 20. Pension and post-employment benefits (continued)

A minimum funding liability arises where the statutory funding requirements are such that future contributions in respect of past service will result in a future unrecognisable surplus.

The below table shows the movement in minimum funding liability:-

| | **2017** | 2016 |
|---|---|---|
| | **USD’000** | USD’000 |
| | | |
| Minimum funding liability as on 1 January | **(24,194)** | (41,000) |
| Employer’s interest cost | **(643)** | (1,350) |
| Actuarial (loss)/gain during the year | **(108,881)** | 12,290 |
| Effect of movement in exchange rates | **(7,889)** | 5,866 |
| | | |
| **Minimum funding liability as on 31 December** | **(141,607)** | (24,194) |

It is anticipated that the Group will make the following contributions to the pension schemes in 2018:

| | **P&O UK scheme** | **MNOPF scheme** | **Other schemes** | **Total group schemes** |
|---|---|---|---|---|
| | **USD’000** | **USD’000** | **USD’000** | **USD’000** |
| | | | | |
| Pension scheme contributions | **12,173** | **-** | **12,443** | **24,616** |

## 21. Accounts payable and accruals

| | **2017** | **2017** | 2016 | 2016 |
|---|---|---|---|---|
| | **Non-current** | **Current** | Non-current | Current |
| | **USD’000** | **USD’000** | USD’000 | USD’000 |
| | | | | |
| Trade payables | **-** | **197,946** | - | 170,181 |
| Other payables and accruals | **141,363** | **1,698,238** | 112,047 | 1,420,813 |
| Provisions* | **889** | **39,355** | 1,313 | 56,767 |
| Fair value of derivative financial instruments | **339,966** | **-** | 278,767 | 6,144 |
| Amounts due to related parties (refer to note 25) | **-** | **12,242** | - | 9,904 |
| | | | | |
| **As at 31 December** | **482,218** | **1,947,781** | 392,127 | 1,663,809 |

* During the current year, additional provision of USD 21,227 thousand was made (2016: USD 43,269 thousand) and an amount of USD 39,063 thousand was utilised (2016: USD 81,470 thousand).

## 22. Non-controlling interests ('NCI')

The following table summarises the financial information for the material NCI of the Group:

| | **Middle East, Europe and Africa region** | **Asia Pacific and Indian subcontinent** | **Australia and Americas** | **Other individually immaterial subsidiaries*** | **Total** | Middle East, Europe and Africa region | Asia Pacific and Indian subcontinent | Other individually immaterial subsidiaries* | Total |
|---|---|---|---|---|---|---|---|---|---|
| | **2017** | **2017** | **2017** | **2017** | **2017** | 2016 | 2016 | 2016 | 2016 |
| | **USD'000** | **USD'000** | **USD'000** | **USD'000** | **USD'000** | USD'000 | USD'000 | USD'000 | USD'000 |
| ***Balance sheet information:*** | | | | | | | | | |
| Non-current assets | **292,405** | **531,769** | **939,020** | | | 302,327 | 472,361 | | |
| Current assets | **117,453** | **155,497** | **393,979** | | | 320,003 | 113,765 | | |
| Non-current liabilities | **(912)** | **(20,163)** | **(851,750)** | | | (18,058) | (13,259) | | |
| Current liabilities | **(19,565)** | **(31,056)** | **(325,951)** | | | (48,773) | (21,761) | | |
| **Net assets (100%)** | **389,381** | **636,047** | **155,298** | | | 555,499 | 551,106 | | |
| Carrying amount of fair value adjustments excluding goodwill | **-** | **205,144** | **170,147** | | | - | 186,545 | | |
| **Total** | **389,381** | **841,191** | **325,445** | | | 555,499 | 737,651 | | |
| **Carrying amount of NCI as at 31 December** | **259,837** | **285,727** | **146,450** | **119,187** | **811,201** | 370,597 | 250,580 | 100,657 | 721,834 |
| ***Statement of profit or loss information:*** | | | | | | | | | |
| Revenue | **237,235** | **224,141** | **310,274** | | | 233,524 | - | | |
| Profit after tax | **130,309** | **63,569** | **30,233** | | | 130,174 | - | | |
| Other comprehensive income, net of tax | **546** | **95,976** | **32,318** | | | 2,994 | - | | |
| | | | | | | | | | |
| Total comprehensive income (100%), net of tax | **130,855** | **159,545** | **62,551** | | | 133,168 | - | | |
| Profit allocated to NCI | **86,903** | **21,594** | **13,605** | **31,929** | **154,031** | 86,798 | - | 44,015 | 130,813 |
| Other comprehensive income attributable to NCI | **364** | **32,603** | **14,543** | **556** | **48,066** | 1,996 | - | (6,797) | (4,801) |
| Total comprehensive income attributable to NCI | **87,267** | **54,197** | **28,148** | **32,485** | **202,097** | 88,794 | - | 37,218 | 126,012 |
| ***Cash flow statement information:*** | | | | | | | | | |
| Cash flows from operating activities | **(30,806)** | **105,407** | **49,291** | | | 149,437 | - | | |
| Cash flows from investing activities | **(10,072)** | **(64,858)** | **(99,666)** | | | (7,143) | - | | |
| Cash flows from financing activities | **(151,995)** | **(50,425)** | **55,902** | | | (50,877) | - | | |
| Dividends paid to NCI | **198,375** | **17,332** | **-** | | | - | - | | |

* There are no material subsidiaries with NCI in the other operating segments of the Group.

## 23. Business combinations

### *Acquisition of new subsidiaries*

(a) On 26 July 2017, the Group acquired a 93% stake in Remolques y Servicios Maritimos, S.L. Group ("Reyser") Spanish business and a controlling stake in International business through an existing subsidiary Remolcadores de Puerto y Altura, S.A. ("Repasa"). The carrying value and fair value of the identifiable assets and liabilities on the date of the acquisition were as follows:

| | Acquiree's carrying amount | Fair value recognised on acquisition |
|---|---|---|
| | **USD'000** | **USD'000** |
| **Assets** | | |
| Property, plant and equipment | **10,398** | **44,719** |
| Concession rights | **308** | **145,684** |
| Deferred tax assets | **1,428** | **1,428** |
| Investment in equity-accounted investees | **14,273** | **36,625** |
| Accounts receivables and prepayments | **20,054** | **20,054** |
| Inventory | **890** | **890** |
| Bank balances and cash | **3,754** | **3,754** |
| | | |
| **Liabilities** | | |
| Interest bearing loans and borrowings | **(6,036)** | **(6,036)** |
| Deferred tax liabilities | **(49)** | **(50,561)** |
| Accounts payable and accruals | **(19,387)** | **(19,387)** |
| | | |
| **Net assets** | **25,633** | **177,170** |
| | | |
| **Less: Non-controlling interests** | | **(3,388)** |
| | | |
| **Total** | | **173,782** |
| | | |

From the date of acquisition, Reyser has contributed a loss of USD 3,359 thousand to the Group. If the acquisition had taken place at the beginning of the year, the profit of the Group would have decreased by USD 7,068 thousand and revenue would have increased by USD 56,333 thousand.

(b) On 30 November 2017, the Group acquired the remaining 66.67% stake in Empresa Brasileira de Terminais Portuarious S.A. ("Embraport") in Brazil from Odebrecht Transport S.A. increasing the shareholding in Embraport to 100%.

This acquisition has resulted in recognition of port concession rights of USD 219,603 thousand.

From the date of acquisition, Embraport has contributed revenue of USD 7,891 thousand and loss of USD 8,691 thousand. If the acquisition had taken place at the beginning of the year, the profit of the Group would have reduced by USD 28,218 thousand and revenue would have increased by USD 74,160 thousand.

## 24. Significant group entities

The extent of the Group's ownership in its various subsidiaries, equity-accounted investees and their principal activities are as follows:

### a) Significant holding companies

| Legal Name | Ownership interest | Country of incorporation | Principal activities |
|---|---|---|---|
| DP World FZE | 100% | United Arab Emirates | Development and management of international marine and inland terminal operations |
| Thunder FZE | 100% | United Arab Emirates | Holding company |
| The Peninsular and Oriental Steam Navigation Company Limited | 100% | United Kingdom | Management and operation of international marine terminal operations |
| Economic Zones World FZE | 100% | United Arab Emirates | Development, management and operation of free zones, economic zones, industrial zones and logistics parks |
| DP World Australia (POSN) Pty Ltd | 100% | Australia | Holding company |
| DPI Terminals Asia Holdings Limited | 100% | British Virgin Islands | Holding company |
| DPI Terminals (BVI) Limited | 100% | British Virgin Islands | Holding company |
| DPI Terminals Asia (BVI) Limited | 100% | British Virgin Islands | Holding company |
| DP World Ports Cooperatieve U.A. | 100% | Netherlands | Holding company |
| DP World Maritime Cooperatieve U.A. | 100% | Netherlands | Holding company |

**24. Significant group entities (continued)**

**b) Significant subsidiaries – Ports**

| Legal Name | Ownership interest | Country of incorporation | Principal activities |
|---|---|---|---|
| Terminales Rio de la Plata SA | 55.62% | Argentina | Container terminal operations |
| Empresa Brasileira de Terminais Portuarious S.A. (refer to note 23) | 100% | Brazil | Container terminal operations |
| DP World (Canada) Inc. | 55%* | Canada | Container terminal operations |
| DP World Prince Rupert Inc. | 55%* | Canada | Container terminal operations |
| DP World Saint John, Inc. | 100% | Canada | Container terminal operations |
| DP World Limassol Limited | 75% | Cyprus | Multi-purpose and general cargo terminal operations |
| DP World Sokhna SAE | 100% | Egypt | Container terminal operations |
| DPWorld Posorja S.A. | 78% | Ecuador | Container terminal operations |
| Chennai Container Terminal Private Limited | 100% | India | Container terminal operations |
| India Gateway Terminal Private Ltd | 81.63% | India | Container terminal operations |
| Mundra International Container Terminal Private Limited | 100% | India | Container terminal operations |
| Nhava Sheva International Container Terminal Private Limited | 100% | India | Container terminal operations |
| Nhava Sheva (India) Gateway Terminal Private Limited | 100% | India | Container terminal operations |
| DP World Middle East Limited | 100% | Kingdom of Saudi Arabia | Container terminal operations |
| DP World Maputo S.A. | 60% | Mozambique | Container terminal operations |
| Qasim International Container Terminal Pakistan Ltd | 75% | Pakistan | Container terminal operations |
| DP World Callao S.R.L. | 100% | Peru | Container terminal operations |
| Doraleh Container Terminal S.A. | 33.34%** | Republic of Djibouti # | Container terminal operations |
| Integra Port Services N.V. | 60% | Republic of Suriname | Container terminal operations |
| Suriname Port Services N.V. | 60% | Republic of Suriname | General cargo terminal operations |
| Constanta South Container Terminal SRL | 100% | Romania | Container terminal operations |
| DP World Dakar SA | 90% | Senegal | Container terminal operations |
| DP World Berbera | 65% | Somaliland | Container terminal operations |
| Pusan Newport Co., Ltd | 66.03% | South Korea | Container terminal operations |
| DP World Tarragona SA | 60% | Spain | Container terminal operations |
| DP World Yarımca Liman İşletmeleri AS | 100% | Turkey | Container terminal operations |
| DP World UAE Region FZE | 100% | United Arab Emirates | Container terminal operations |
| London Gateway Port Limited | 100% | United Kingdom | Container terminal operations |
| Southampton Container Terminals Limited | 100% | United Kingdom | Container terminal operations |
| Saigon Premier Container Terminal | 80% | Vietnam | Container terminal operations |

**24. Significant group entities (continued)**

**c) Associates and joint ventures – Ports**

| Legal Name | Ownership interest | Country of incorporation | Principal activities |
|---|---|---|---|
| Djazair Port World Spa | 50% | Algeria | Container terminal operations |
| DP World DjenDjen Spa | 50% | Algeria | Container terminal operations |
| DP World Australia (Holding) Pty Ltd | 25% | Australia | Container terminal operations |
| Antwerp Gateway N.V | 60%*** | Belgium | Container terminal operations |
| Caucedo Investments Inc. | 50% | British Virgin Islands | Container terminal operations |
| Eurofos SARL | 50% | France | Container terminal operations |
| Generale de Manutention Portuaire S.A | 50% | France | Container terminal operations |
| Goodman DP World Hong Kong Limited | 25% | Hong Kong | Container terminal operations and warehouse operations |
| Visakha Container Terminals Private Limited | 26% | India | Container terminal operations |
| PT Terminal Petikemas Surabaya | 49% | Indonesia | Container terminal operations |
| Rotterdam World Gateway B.V. | 30% | Netherlands | Container terminal operations |
| Qingdao Qianwan Container Terminal Co., Ltd | 29% | People's Republic of China | Container terminal operations |
| Tianjin Orient Container Terminals Co., Ltd | 24.50% | People's Republic of China | Container terminal operations |
| Yantai International Container Terminals Ltd | 12.50% | People's Republic of China | Container terminal operations |
| Asian Terminals Inc | 50.54%**** | Philippines | Container terminal operations |
| Laem Chabang International Terminal Co. Ltd | 34.50% | Thailand | Container terminal operations |

**d) Other non-port business**

| Legal Name | Ownership interest | Country of incorporation | Principal activities |
|---|---|---|---|
| P&O Maritime Services Pty Ltd | 100% | Australia | Maritime services |
| DP World Antwerp Terminals N.V. | 100% | Belgium | Ancillary container services |
| DP World Germersheim GmbH and Co. KG | 100% | Germany | Inland container terminal operations |
| DP World Germany B.V. | 100% | Netherlands | Inland container terminal operations |
| Container Rail Road Services Pvt Limited | 100% | India | Container rail freight operations |
| Empresa de Dragagem do Porto de Maputo, SA | 25.50% | Mozambique | Dredging services |
| Maputo Intermodal Container Depot, SA | 50.00% | Mozambique | Inland container depot and warehousing |
| Sociedade de Desenvolvimento do Porto de Maputo, S.A. | 24.74% | Mozambique | Port management and cargo handling |
| DP World Peru S.R.L. | 100% | Peru | Terminal related activities |
| Port Secure FZCO | 40% | Republic of Djibouti # | Port security services |
| Remolcadores de Puerto y Altura, S.A. | 57.01% | Spain | Maritime services |
| Remolques y Servicios Marítimos, S.L. | 93% | Spain | Maritime services |
| Dubai International Djibouti FZE | 100% | United Arab Emirates | Port management and operation |
| Dubai Trade FZE | 100% | United Arab Emirates | Trade facilitation through integrated electronic services |
| P&O Maritime FZE | 100% | United Arab Emirates | Maritime services |
| World Security FZE | 100% | United Arab Emirates | Security services |
| Jebel Ali Free Zone FZE | 100% | United Arab Emirates | Management, operation and development of free zones, economic zones and industrial zones |
| LG Park Freehold Limited | 100% | United Kingdom | Management and operation of industrial parks |

## 24. Significant group entities (continued)

* Ownership change from 100% to 55% effective 19 January 2017.

** Although the Group only has a 33.34% effective ownership interest in this entity, it is treated as a subsidiary, as the Group is able to govern the financial and operating policies of the company by virtue of an agreement with the other investor.

*** Although the Group has more than 60% effective ownership interest in this entity, it is not treated as a subsidiary, but instead treated as an equity-accounted investee. The underlying shareholder agreement does not provide control to the Group.

**** Although the Group has more than 50% effective ownership interest in this entity, it is not treated as a subsidiary, but instead treated as an equity-accounted investee. The underlying shareholder agreement does not provide control to the Group.

# Refer note 34 (b).

## 25. Related party transactions

### Other related party transactions

Transactions with related parties included in the consolidated financial statements are as follows:

| | **Ultimate Parent Company** | **Equity-accounted investees** | **Other related parties** | **Total** | Ultimate Parent Company | Equity-accounted investees | Other related parties | Total |
|---|---|---|---|---|---|---|---|---|
| | **2017** | **2017** | **2017** | **2017** | 2016 | 2016 | 2016 | 2016 |
| | **USD'000** | **USD'000** | **USD'000** | **USD'000** | USD'000 | USD'000 | USD'000 | USD'000 |
| *Expenses charged:* | | | | | | | | |
| Concession fee | **-** | **-** | **49,517** | **49,517** | - | - | 47,292 | 47,292 |
| Shared services | **-** | **-** | **736** | **736** | - | - | 931 | 931 |
| Other services | **-** | **-** | **19,923** | **19,923** | - | - | 18,864 | 18,864 |
| | | | | | | | | |
| *Revenue earned:* | | | | | | | | |
| Management fee income | **-** | **19,366** | **30,659** | **50,025** | - | 25,855 | 27,540 | 53,395 |
| Interest income | **-** | **28,368** | **-** | **28,368** | - | 24,276 | - | 24,276 |

Balances with related parties included in the consolidated statement of financial position are as follows:

| | **Due from related parties** | | **Due to related parties** | |
|---|---|---|---|---|
| | **2017** | 2016 | **2017** | 2016 |
| | **USD'000** | USD'000 | **USD'000** | USD'000 |
| | | | | |
| Ultimate Parent Company | **2,217** | 2,220 | **219** | 361 |
| Parent Company | **902** | 18,972 | **5** | 194 |
| Equity-accounted investees | **347,289** | 336,722 | **3,107** | 2,168 |
| Other related parties | **13,001** | 13,454 | **8,911** | 7,181 |
| | | | | |
| **Total** | **363,409** | 371,368 | **12,242** | 9,904 |

The Group has also issued guarantees on behalf of equity-accounted investees which are disclosed in note 33(a).

**25. Related party transactions (continued)**

**Compensation of key management personnel**

The remuneration of directors and other key members of the management during the year were as follows:

| | 2017 | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Short-term benefits and bonus | **13,658** | 13,521 |
| Post-retirement benefits | **451** | 1,411 |
| **Total** | **14,109** | 14,932 |

**26. Financial risk management**

**Overview**

The Group has exposure to the following risks from its use of financial instruments:

a) credit risk
b) liquidity risk
c) market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Group has exposure to the following risks arising from financial instruments:

**a) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, amounts due from related parties and investment securities.

***Trade and other receivables***

The Group trades mainly with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and are required to submit financial guarantees based on their creditworthiness. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

**26. Financial risk management (continued)**

**a) Credit risk (continued)**

***Other financial assets***

Credit risk arising from other financial assets of the Group comprises cash and cash equivalents and certain derivative instruments. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group manages its credit risks with regard to bank deposits, throughout the Group, through a number of controls, which include assessing the credit rating of the bank either from public credit ratings, or internal analysis where public data is not available and consideration of the support for financial institutions from their central banks or other regulatory authorities.

***Financial guarantees***

The Group's policy is to consider the provision of a financial guarantee to wholly-owned subsidiaries, where there is a commercial rationale to do so. Guarantees may also be provided to equity-accounted investees in very limited circumstances for the Group's share of obligation. The provision of guarantees always requires the approval of senior management.

**i. *Exposure to credit risk***

The carrying amount of financial assets represents the maximum credit exposure as at 31 December:

| | **2017** | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Other investments | **72,759** | 60,644 |
| Derivative assets | **8,952** | - |
| Trade and other receivables excluding prepayments | **1,218,037** | 1,095,895 |
| Cash and cash equivalents | **1,483,679** | 1,299,391 |
| | | |
| **Total** | **2,783,427** | 2,455,930 |

The maximum exposure to credit risk for trade receivables (net) at the reporting date by operating segments are as follows:

| | **2017** | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Asia Pacific and Indian subcontinent | **45,369** | 50,169 |
| Australia and Americas | **97,593** | 62,303 |
| Middle East, Europe and Africa | **311,090** | 297,862 |
| | | |
| **Total** | **454,052** | 410,334 |

26. **Financial risk management (continued)**

a) **Credit risk (continued)**

i. ***Exposure to credit risk (continued)***

The ageing of trade receivables (net) at the reporting date was:

| | **2017** | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Neither past due nor impaired on the reporting date: | **247,923** | 221,685 |
| *Past due on the reporting date* | | |
| Past due 0-30 days | **135,340** | 107,788 |
| Past due 31-60 days | **44,286** | 42,957 |
| Past due 61-90 days | **13,430** | 22,880 |
| Past due > 90 days | **13,073** | 15,024 |
| | | |
| **Total** | **454,052** | 410,334 |

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on the historic collection trends.

Movement in the allowance for impairment in respect of trade receivables during the year was:

| | **2017** | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| As at 1 January | **108,435** | 67,032 |
| Acquired through business combinations | **976** | 340 |
| Provision (reversed)/ recognised during the year | **(2,726)** | 41,063 |
| | | |
| **As at 31 December** | **106,685** | 108,435 |

Based on historic default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due or past due.

Trade receivables with the top ten customers represent 54% (2016: 59%) of the trade receivables.

b) **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities as they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities and by ensuring adequate internally generated funds. The Group's terms of business require amounts to be paid within 60 days of the date of provision of the service. Trade payables are normally settled within 45 days of the date of purchase.

**26. Financial risk management (continued)**

**b) Liquidity risk (continued)**

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments and the impact of netting agreements.

| | **Carrying amount** | **Contractual cash flows** | **Less than 1 year** | **1 – 2 years** | **2 – 5 years** | **More than 5 years** |
|---|---|---|---|---|---|---|
| | **USD'000** | **USD'000** | **USD'000** | **USD'000** | **USD'000** | **USD'000** |
| *Non derivative financial liabilities* | | | | | | 2016 |
| Issued bonds | 4,524,844 | (7,551,859) | (642,102) | (230,727) | (1,703,519) | (4,975,511) |
| Convertible bonds | 803,075 | (1,131,250) | (17,500) | (17,500) | (52,500) | (1,043,750) |
| Bank loans | 2,255,558 | (3,186,388) | (452,062) | (397,504) | (648,790) | (1,688,032) |
| Loans from non-controlling shareholders | 13,233 | (13,233) | (13,233) | - | - | - |
| Finance lease liabilities | 21,549 | (28,728) | (8,551) | (6,227) | (4,311) | (9,639) |
| Trade and other payables | 1,587,252 | (1,587,543) | (1,495,597) | (55,064) | (22,562) | (14,320) |
| Financial guarantees and letters of credit* | - | (133,748) | - | - | - | - |
| *Derivative financial liabilities* | | | | | | |
| Interest rate swaps used for hedging | 111,431 | (152,685) | (27,804) | (27,400) | (69,377) | (28,104) |
| Embedded derivative option | 173,480 | - | - | - | - | - |
| Total | 9,490,422 | (13,785,434) | (2,656,849) | (734,422) | (2,501,059) | (7,759,356) |

| | | | | | | |
|---|---|---|---|---|---|---|
| ***Non derivative financial liabilities*** | | | | | | **2017** |
| Issued bonds | **4,119,001** | **(6,903,324)** | **(230,552)** | **(857,756)** | **(1,014,968)** | **(4,800,048)** |
| Convertible bonds | **825,412** | **(1,113,750)** | **(17,500)** | **(17,500)** | **(52,500)** | **(1,026,250)** |
| Bank loans | **2,609,656** | **(3,977,590)** | **(400,133)** | **(198,386)** | **(645,307)** | **(2,733,764)** |
| Loans from non-controlling shareholders | **151,134** | **(151,134)** | **(151,134)** | **-** | **-** | **-** |
| Finance lease liabilities | **33,775** | **(41,794)** | **(11,437)** | **(7,344)** | **(15,441)** | **(7,572)** |
| Trade and other payables | **1,706,464** | **(1,711,148)** | **(1,589,903)** | **(26,387)** | **(30,119)** | **(64,739)** |
| Financial guarantees and letters of credit* | **-** | **(152,315)** | **-** | **-** | **-** | **-** |
| ***Derivative financial liabilities*** | | | | | | |
| Interest rate swaps used for hedging | **89,453** | **(124,302)** | **(26,180)** | **(25,528)** | **(60,886)** | **(11,708)** |
| Embedded derivative option | **250,513** | **-** | **-** | **-** | **-** | **-** |
| **Total** | **9,785,408** | **(14,175,357)** | **(2,426,839)** | **(1,132,901)** | **(1,819,221)** | **(8,644,081)** |

*Refer to note 33 for further details.

**26. Financial risk management (continued)**

**c) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group enters into derivative contracts, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors in the Group Treasury policy. Generally, the Group seeks to apply hedge accounting in order to manage the volatility in the consolidated statement of profit or loss.

**i. *Currency risk***

The proportion of the Group's net operating assets denominated in foreign currencies (i.e. other than the functional currency of the Company, UAE Dirhams) is approximately 64.4% (2016: 63.5%) with the result that the Group's USD consolidated statement of financial position, and in particular shareholder's equity, can be affected by currency movements when it is retranslated at each year end rate. The Group partially mitigates the effect of such movements by borrowing in the same currencies as those in which the assets are denominated. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying foreign operations of the Group. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances. The impact of currency movements on operating profit is partially mitigated by interest costs being incurred in foreign currencies. The Group operates in some locations where the local currency is fixed to the Group's presentation currency of USD further reducing the risk of currency movements.

A portion of the Group's activities generate part of their revenue and incur some costs outside their main functional currency. Due to the diverse number of locations in which the Group operates there is some natural hedging that occurs within the Group. When it is considered that currency volatility could have a material impact on the results of an operation, hedging using foreign currency forward exchange contracts is undertaken to reduce the short-term effect of currency movements.

When the Group's businesses enter into capital expenditure or lease commitments in currencies other than their main functional currency, these commitments are hedged in most instances using foreign currency forward exchange contracts in order to fix the cost when converted to the functional currency. The Group classifies its foreign currency forward exchange contracts hedging forecast transactions as cash flow hedges and states them at fair value.

**26. Financial risk management (continued)**

**c) Market risk (continued)**

**i. *Currency risk (continued)***

**Exposure to currency risk**

The Group's financial instruments in different currencies were as follows:

| | | | | | | | | | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| | USD* | GBP | EUR | AUD | INR | CAD | KRW | Others | Total |
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| | | | | | | | | | |
| Cash and cash equivalents | 855,526 | 122,232 | 114,908 | 14,059 | 49,519 | 33,589 | 69,918 | 39,640 | 1,299,391 |
| Trade receivables | 226,038 | 39,131 | 46,093 | 4,960 | 14,248 | 42,025 | 31,812 | 6,027 | 410,334 |
| Secured bank loans and debenture stock | (228,192) | (791,195) | (34,802) | - | - | (337,626) | - | (48,040) | (1,439,855) |
| Unsecured bank loans and loan stock | (734,308) | - | - | - | (81,395) | - | - | - | (815,703) |
| Loan from non-controlling shareholders | (2,083) | - | (11,150) | - | - | - | - | - | (13,233) |
| Unsecured bonds | (5,327,919) | - | - | - | - | - | - | - | (5,327,919) |
| Finance lease liabilities | - | (2,022) | (9,735) | (5,076) | - | (3,487) | - | (1,229) | (21,549) |
| Trade payables | (81,987) | (15,716) | (27,799) | (2,439) | (19,434) | (4,774) | (9,285) | (8,747) | (170,181) |
| Net consolidated statement of financial position exposures | (5,292,925) | (647,570) | 77,515 | 11,504 | (37,062) | (270,273) | 92,445 | (12,349) | (6,078,715) |

**26. Financial risk management (continued)**

**c) Market risk (continued)**

**i. *Currency risk (continued)***

| | USD* | GBP | EUR | AUD | INR | CAD | KRW | Others | 2017 Total |
|---|---|---|---|---|---|---|---|---|---|
| | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| Cash and cash equivalents | 881,314 | 129,348 | 139,926 | 16,949 | 57,143 | 86,869 | 112,753 | 59,377 | 1,483,679 |
| Trade receivables | 207,503 | 49,201 | 72,528 | 4,589 | 13,635 | 61,282 | 27,629 | 17,685 | 454,052 |
| Secured bank loans and debenture stock | (396,959) | (867,370) | (28,430) | - | - | (436,840) | - | (305,117) | (2,034,716) |
| Unsecured bank loans and loan stock | (475,907) | - | (242) | - | (98,791) | - | - | - | (574,940) |
| Loan from non-controlling shareholders | (1,491) | - | (21,399) | - | - | (128,244) | - | - | (151,134) |
| Unsecured bonds | (4,944,413) | - | - | - | - | - | - | - | (4,944,413) |
| Finance lease liabilities | (19,335) | (1,213) | (8,109) | (1,568) | - | (3,550) | - | - | (33,775) |
| Trade payables | (68,794) | (15,558) | (45,308) | (5,203) | (14,600) | (7,413) | (13,519) | (27,551) | (197,946) |
| **Net consolidated statement of financial position exposures** | (4,818,082) | (705,592) | 108,966 | 14,767 | (42,613) | (427,896) | 126,863 | (255,606) | (5,999,193) |

* The functional currency of the Company is UAE Dirham. UAE Dirham is pegged to USD and therefore the Group has no foreign currency risk on these balances.

**26. Financial risk management (continued)**

**c) Market risk (continued)**

**i. *Currency risk (continued)***

**Sensitivity analysis**

A 10 percent strengthening of the USD against the following currencies at 31 December would have increased/ (decreased) the consolidated statement of profit or loss and the consolidated statement of other comprehensive income by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. Furthermore, as each entity in the Group has its own functional currency, the effect of translating financial assets and liabilities of the respective entity would mainly impact the consolidated statement of other comprehensive income.

| | **Consolidated statement of profit or loss** | | **Consolidated statement of other comprehensive income** | |
|---|---|---|---|---|
| | **2017** | 2016 | **2017** | 2016 |
| | **USD'000** | USD'000 | **USD'000** | USD'000 |
| | | | | |
| GBP | **4,657** | 3,745 | **(78,399)** | (71,952) |
| EUR | **7** | 46 | **12,107** | 8,614 |
| AUD | **(2)** | (5) | **1,641** | 1,278 |
| INR | **644** | 195 | **(4,735)** | 4,118 |
| CAD | **1,396** | 489 | **(47,544)** | (30,030) |
| KRW | **(139)** | - | **14,096** | 10,272 |

A 10 percent weakening of the USD against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

**ii. *Interest rate risk***

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a fixed/ floating interest rate and bank deposits.

The Group's policy is to manage its interest cost by entering into interest rate swap agreements, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

At 31 December 2017, after taking into account the effect of interest rate swaps, approximately 91% (2016: 94%) of the Group's borrowings are at a fixed rate of interest.

**Profile**

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

| | **Carrying amounts** | |
|---|---|---|
| | **2017** | 2016 |
| | **USD'000** | USD'000 |
| **Fixed rate instruments** | | |
| Financial liabilities (loans and borrowings) | **(5,410,891)** | (5,570,832) |
| Interest rate swaps hedging floating rate debt | **(1,612,491)** | (1,611,585) |
| **Total** | **(7,023,382)** | (7,182,417) |
| | | |
| **Variable rate instruments** | | |
| Financial assets (short term deposits) | **832,004** | 680,140 |
| Financial liabilities (loans and borrowings) | **(2,328,087)** | (2,047,427) |
| Interest rate swaps hedging floating rate debt | **1,612,491** | 1,611,585 |
| **Total** | **116,408** | 244,298 |

**26. Financial risk management (continued)**

**c) Market risk (continued)**

**ii. *Interest rate risk* (continued)**

**Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points ("bp") in interest rates at the reporting date would have increased/ (decreased) consolidated statement of profit or loss and the consolidated statement of other comprehensive income by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

| | **Consolidated statement of profit or loss** | | **Consolidated statement of other comprehensive income** | |
|---|---|---|---|---|
| | **100 bp increase** | **100 bp decrease** | **100 bp increase** | **100 bp decrease** |
| | **USD'000** | **USD'000** | **USD'000** | **USD'000** |
| **2017** | | | | |
| Variable rate instruments | **1,164** | **(1,164)** | **-** | **-** |
| Interest rate swaps | **(1,300)** | **1,300** | **14,825** | **(14,825)** |
| | | | | |
| **Cash flow sensitivity (net)** | **(136)** | **136** | **14,825** | **(14,825)** |
| | | | | |
| 2016 | | | | |
| Variable rate instruments | 2,443 | (2,443) | - | - |
| Interest rate swaps | - | - | 16,116 | (16,116) |
| | | | | |
| Cash flow sensitivity (net) | 2,443 | (2,443) | 16,116 | (16,116) |

26. **Financial risk management (continued)**

d) **Fair value**

**Fair value versus carrying amount**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position are as follows:

| | | 2017 | 2017 | 2016 | 2016 |
|---|---|---|---|---|---|
| | **Fair value hierarchy** | **Carrying amount** | **Fair value** | Carrying amount | Fair value |
| | | **USD'000** | **USD'000** | USD'000 | USD'000 |
| **Assets carried at fair value** | | | | | |
| Available-for-sale financial assets | **2** | **70,452** | **70,452** | 57,339 | 57,339 |
| Financial assets at fair value through profit or loss | **2** | **2,307** | **2,307** | 3,305 | 3,305 |
| Interest rate swaps used for hedging | **2** | **8,952** | **8,952** | - | - |
| | | | | | |
| **Assets carried at amortised cost** | | | | | |
| Trade and other receivables** | | **1,218,037** | **-** | 1,095,895 | - |
| Cash and cash equivalents* | | **1,483,679** | **-** | 1,299,391 | - |
| | | | | | |
| **Liabilities carried at fair value** | | | | | |
| Interest rate swaps used for hedging | **2** | **(89,453)** | **(89,453)** | (111,431) | (111,431) |
| Embedded derivative option | **2** | **(250,513)** | **(250,513)** | (173,480) | (173,480) |
| | | | | | |
| **Liabilities carried at amortised cost** | | | | | |
| Issued bonds | **1** | **(4,119,001)** | **(4,618,701)** | (4,524,844) | (4,783,315) |
| Convertible bonds | **2** | **(825,412)** | **(796,170)** | (803,075) | (814,013) |
| Bank loans* | | **(2,609,656)** | **-** | (2,255,558) | - |
| Loans from non-controlling shareholders* | | **(151,134)** | **-** | (13,233) | - |
| Finance lease liabilities* | | **(33,775)** | **-** | (21,549) | - |
| Trade and other payables** | | **(1,706,464)** | **-** | (1,587,252) | - |

**Fair value hierarchy**

The table above analyses assets and liabilities that require or permits fair value measurements or disclosure about fair value measurements.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

* These financial assets and liabilities carry a variable rate of interest and hence, the fair values reported approximate carrying values.

** These financial assets and liabilities have short term maturity and thus, the fair values reported approximate carrying values.

The fair value of foreign currency forward exchange contracts and interest rate swaps is based on the bank quotes at the reporting dates. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

The fair value of trade and other receivables and trade and other payables approximates to their carrying values.

Embedded derivative option liability of convertible bond is fair valued based on a valuation model with market assumptions. The fair value of the host liability component in the convertible bond is arrived at after deducting the fair value of the embedded derivative option liability from the stock exchange quoted closing bid price of convertible bond as at the reporting date.

**26. Financial risk management (continued)**

**d) Fair value (continued)**

The fair value for quoted bonds is based on their market price (including unpaid interest) as at the reporting date. Other loans include term loans and finance leases. These are largely at variable interest rates and therefore, the carrying value normally equates to the fair value.

**27. Share capital**

The share capital of the Company as at 31 December was as follows:

| | **2017** | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| ***Authorised*** | | |
| 1,250,000,000 of USD 2.00 each | **2,500,000** | 2,500,000 |
| | | |
| ***Issued and fully paid*** | | |
| 830,000,000 of USD 2.00 each | **1,660,000** | 1,660,000 |

**28. Reserves**

**Share premium**

Share premium represents surplus received over and above the nominal cost of the shares issued to the shareholders and forms part of the shareholder equity. The reserve is not available for distribution except in circumstances as stipulated by the law.

**Shareholders' reserve**

Shareholders' reserve forms part of the distributable reserves of the Group.

**Other reserves**

The following table shows a breakdown of 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

| | **Hedging and other reserves** | **Actuarial reserve** | **Total other reserves** |
|---|---|---|---|
| | **USD'000** | **USD'000** | **USD'000** |
| | | | |
| Balance as at 1 January 2016 | (83,320) | (411,541) | (494,861) |
| Other comprehensive income, net of tax | (11,815) | (199,288) | (211,103) |
| Balance as at 31 December 2016 | (95,135) | (610,829) | (705,964) |
| | | | |
| **Balance as at 1 January 2017** | **(95,135)** | **(610,829)** | **(705,964)** |
| Other comprehensive income, net of tax | **41,697** | **(895)** | **40,802** |
| Pension obligation borne by Parent Company | **91,281** | **-** | **91,281** |
| **Balance as at 31 December 2017** | **37,843** | **(611,724)** | **(573,881)** |

**Hedging and other reserves**

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments related to hedge transactions that have not yet occurred.

The other reserves mainly include statutory reserves of subsidiaries as required by applicable local legislations. This reserve also includes the unrealised fair value changes on available-for-sale investments.

**Actuarial reserve**

The actuarial reserve comprises the cumulative actuarial losses recognised in the consolidated statement of other comprehensive income.

## 28. Reserves (continued)

**Translation reserve**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It mainly includes foreign exchange translation differences arising from the translation of goodwill and purchase price adjustments which are denominated in foreign currencies at the Group level.

## 29. Interest bearing loans and borrowings

| | **2017** | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Issued bonds* | **4,119,001** | 4,524,844 |
| Convertible bonds** | **825,412** | 803,075 |
| Bank loans | **2,609,656** | 2,255,558 |
| Loans from non-controlling shareholders | **151,134** | 13,233 |
| Finance lease liabilities | **33,775** | 21,549 |
| | **7,738,978** | 7,618,259 |
| *of which:* | | |
| Classified as non-current | **7,437,270** | 6,874,777 |
| Classified as current | **301,708** | 743,482 |
| | | |
| *of which:* | | |
| Secured interest bearing loans and borrowings | **2,068,490** | 1,461,405 |
| Unsecured interest bearing loans and borrowings | **5,670,488** | 6,156,854 |

The below table provides movement of interest bearing loans and borrowings:

| | **2017** | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Balance at 1 January | **7,618,259** | 7,670,278 |
| | | |
| **Cash flow items** | | |
| Acquired through business combinations | **615,861** | - |
| Additional borrowings during the year | **290,361** | 1,262,089 |
| Proceeds from issue of bonds (2023 Sukuk) | **-** | 1,200,000 |
| Repayment of borrowings during the year | **(504,809)** | (1,287,412) |
| Redemption of issued bonds (2017 Sukuk) | **(387,300)** | (1,174,455) |
| Transaction cost paid on issuance of bonds (2023 Sukuk) | **-** | (10,505) |
| | | |
| **Other non-cash items** | | |
| Interest accretion on convertible bonds | **21,066** | 20,110 |
| Transaction cost on convertible bonds amortised during the year | **1,271** | 1,166 |
| Fair value adjustments and transaction cost on issued bonds amortised during the year | **(18,543)** | (20,280) |
| Translation adjustments | **102,812** | (42,732) |
| | | |
| Balance at 31 December | **7,738,978** | 7,618,259 |

* On 3 July 2017, the Group settled the remaining USD 387.3 million 6.25 percent 2017 Sukuk Trust Certificates.

** These 10 year USD 1 billion unsecured convertible bonds have an option of converting into 36.85 million ordinary shares of DP World Limited. These bonds are currently listed on the Frankfurt Stock Exchange with a coupon rate of 1.75% per annum. These bonds include an investor put option which can be exercised at par in June 2018 (Year 4) and in June 2021 (Year 7). There is also an issuer call option which can be exercised on or after July 2017 (Year 3), subject to a 130% trigger on the conversion price of USD 27.14.

**29. Interest bearing loans and borrowings (continued)**

Certain property, plant and equipment and port concession rights are pledged against the facilities obtained from the banks (refer to note 12 and note 14). The deposits under lien amounting to USD 16,150 thousand (2016: USD 65,522 thousand) are placed to collateralise some of the borrowings of the Company's subsidiaries (refer to note 18).

At 31 December 2017, the undrawn committed borrowing facilities of USD 2,055,686 thousand (2016: USD 2,101,827 thousand) were available to the Group, in respect of which all conditions precedent had been met.

Information about the Group's exposure to interest rate, foreign currency and liquidity risk are described in note 26.

**30. Capital management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, share premium, shareholders' reserve, retained earnings, hedging and other reserves, actuarial reserve and translation reserve. The primary objective of the Group's capital management strategy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The key performance ratios as at 31 December are as follows:

| | **2017** | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Total interest-bearing loans and borrowings (refer to note 29) | **7,738,978** | 7,618,259 |
| Less: cash and cash equivalents (refer to note 18) | **(1,483,679)** | (1,299,391) |
| | | |
| Total net debt | **6,255,299** | 6,318,868 |
| | | |
| Total equity | **11,625,362** | 9,519,685 |
| | | |
| Adjusted EBITDA (refer to note 4) | **2,469,034** | 2,263,077 |
| | | |
| Net finance cost before separately disclosed items | **329,870** | 338,110 |
| | | |
| Net debt/ equity | **0.54** | 0.66 |
| Net debt/ adjusted EBITDA | **2.53** | 2.79 |
| | | |
| Interest cover before separately disclosed items (Adjusted EBITDA/ net finance cost before separately disclosed items) | **7.48** | 6.69 |

## 31. Operating leases

**Operating lease commitments – Group as a lessee**

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

| | 2017 | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Within one year | **326,223** | 305,993 |
| Between one to five years | **1,273,277** | 1,168,634 |
| Between five to ten years | **1,195,744** | 1,218,846 |
| Between ten to twenty years | **1,833,876** | 1,746,874 |
| Between twenty to thirty years | **1,396,953** | 1,294,886 |
| Between thirty to fifty years | **1,134,517** | 1,143,660 |
| Between fifty to seventy years | **914,908** | 1,027,867 |
| More than seventy years | **800,551** | 846,290 |
| | | |
| **Total** | **8,876,049** | 8,753,050 |

The above operating leases (Group as a lessee) mainly consist of terminal operating leases arising out of concession arrangements which are long term in nature. In addition, there are also leases of plant, equipment and vehicles included above.

**Operating lease commitments – Group as a lessor**

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

| | 2017 | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Within one year | **360,983** | 335,327 |
| Between one to five years | **816,391** | 696,737 |
| More than five years | **950,846** | 791,775 |
| | | |
| **Total** | **2,128,220** | 1,823,839 |

The above operating leases (Group as a lessor) mainly consist of commercial properties leased consisting of land, office accommodation, warehouses and staff accommodation. Besides these, certain property, plant and equipment are also leased out by the Group. The leases contain renewal options for additional lease periods and at rental rates based on negotiations or prevailing market rates.

## 32. Capital commitments

| | 2017 | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Estimated capital expenditure contracted for as at 31 December | **661,305** | 732,378 |

## 33. Contingencies

a) The Group has the following contingent liabilities arising in the ordinary course of business at 31 December:

| | 2017 | 2016 |
|---|---|---|
| | **USD'000** | USD'000 |
| | | |
| Performance guarantees | **86,920** | 83,276 |
| Payment guarantees | **36,533** | 23,000 |
| Letters of credit | **3,025** | 2,395 |
| Guarantees issued on behalf of equity-accounted investees | **25,837** | 25,077 |
| | | |
| **Total** | **152,315** | 133,748 |

The Group has entered into certain agreements with landlords and port authorities which may contain specific volume or payment commitments that could result in minimum concession/lease fees being payable on failure to meet those targets.

**33. Contingencies (continued)**

b) Chennai Port Trust ("CPT") had raised a demand for an amount of USD 18,709 thousand (2016: 17,609 thousand), from Chennai Container Terminal Limited ("CCTL"), a subsidiary of the Company, on the basis that CCTL had failed to fulfil its obligations in respect of non-transhipment containers for a period of four consecutive years from 1 December 2003. CCTL had subsequently paid USD 9,996 thousand (2016: USD 9,408 thousand) under dispute in 2008. CCTL had initiated arbitration proceedings against CPT in this regard. The arbitral tribunal passed its award on November 26, 2012 ruling in favour of CCTL. However, CPT appealed against this order, which was upheld by Madras High Court on 8 January 2014 and accordingly a provision has been recognised against the above receivable. CCTL lodged an appeal before the Division Bench of Madras High Court along with a stay petition on 31 January 2014. The Appeal was taken up for hearing and admitted on 3 February 2014. CPT also made a statement before the Court that no further action would be taken by CPT against CCTL. The Court has admitted the matter and is pending for final hearing and disposal before the Division Bench of Madras High Court. During 2017, CPT raised further demands amounting to USD 35,615 thousand towards its obligations in respect of non-transhipment containers for the years 2008 to 2014. With this the cumulative demand as of 31 December 2017 amounts to USD 54,324 thousand. The Group is confident that the case will be in favour of CCTL.

**34. Subsequent events**

a) On 11 January 2018, the Group acquired Maritime World LLC, the 100% owner of Dubai Maritime City (DMC), for a purchase consideration of USD 180,000 thousand and 100% of Drydocks World LLC (Drydocks) by means of a capital injection of USD 225,000 thousand from the ultimate parent company, Dubai World Corporation.

b) On 22 February 2018, the Government of Djibouti illegally seized control of Doraleh Container Terminal S.A. The Group has commenced arbitration proceedings before the London Court of International Arbitration to protect its rights, or to secure damages and compensation for breach or expropriation.

**ISSUER**

**DP World PLC**
P.O. Box 17000
Dubai
United Arab Emirates

**ARRANGERS AND DEALERS**

**Citigroup Global Markets Limited**
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

**Deutsche Bank AG, London Branch**
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

**First Abu Dhabi Bank PJSC**
FAB Building
Khalifa Business Park – Al Qurm District
P.O. Box 6316
Abu Dhabi
United Arab Emirates

**HSBC Bank plc**
8 Canada Square
London E14 5HQ
United Kingdom

**Emirates NBD Bank PJSC**
c/o Emirates NBD Capital Limited
Gate Building West Wing, Level 12
Dubai International Financial Centre
P.O. Box 506710
Dubai
United Arab Emirates

**Société Générale**
29, boulevard Haussmann
75009 Paris
France

**Standard Chartered Bank**
P.O. Box 999
Dubai
United Arab Emirates

**TRUSTEE**

**Deutsche Trustee Company Limited**
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

**ISSUING AND PAYING AGENT, PAYING AGENT, EXCHANGE AGENT AND CALCULATION AGENT**

**Deutsche Bank AG, London Branch**
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

**U.S. REGISTRAR, TRANSFER AGENT AND PAYING AGENT**

**Deutsche Bank Trust Company Americas**
Trust and Securities Services
60 Wall Street
New York, New York 10005
United States of America

**EURO REGISTRAR, TRANSFER AGENT AND PAYING AGENT**

**Deutsche Bank Luxembourg S.A.**
2 boulevard Konrad Adenauer
L-1115
Luxembourg

## LEGAL ADVISERS TO THE ISSUER

*As to U.S. securities law*
**Clifford Chance LLP**
10 Upper Bank Street
London E14 5JJ
United Kingdom

*As to English, UAE and DIFC law*
**Clifford Chance LLP**
Level 15, Burj Daman
Dubai International Financial Centre
P.O. Box 9380
Dubai
United Arab Emirates

## LEGAL ADVISERS TO THE DEALERS

*As to English and U.S. securities law*
**White & Case LLP**
Level 6, Burj Daman
Dubai International Financial Centre
P.O. Box 9705
Dubai
United Arab Emirates

## LEGAL ADVISERS TO THE TRUSTEE

*As to English law*
**White & Case LLP**
Level 6, Burj Daman
Dubai International Financial Centre
P.O. Box 9705
Dubai
United Arab Emirates

## AUDITORS TO THE ISSUER

**KPMG LLP**
Level 13, Emaar Boulevard Plaza 1
Mohammed Bin Rashid Boulevard
Downtown Dubai
United Arab Emirates