ABU DHABI GLOBAL MARKET

سوق أبوظبي العالمي

AVIATION FINANCE & LEASING

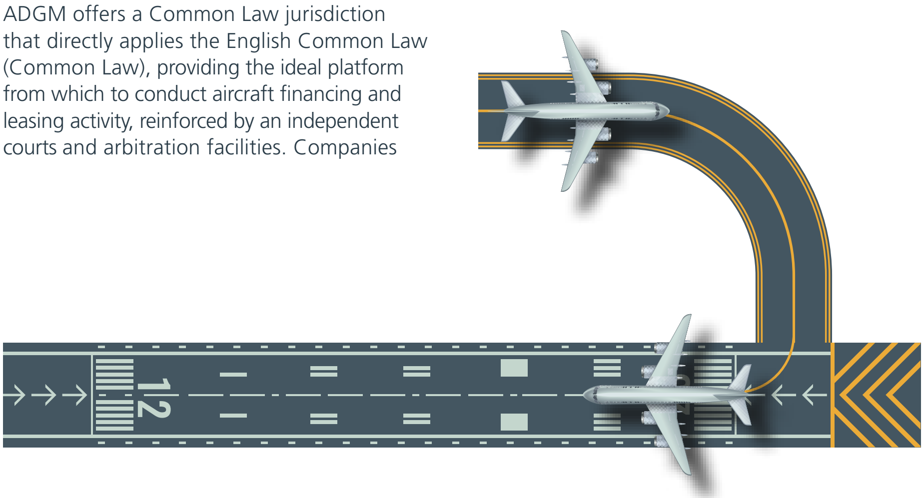
REGISTRATION AUTHORITY

Introduction to Aviation Finance & Leasing

Abu Dhabi and the UAE have acquired extensive aviation credentials over the past three decades. As well as being home to two of the world's best airlines, Etihad and Emirates, The UAE is also home to two leading low cost carriers, Fly Dubai and Air Arabia. The UAE also offers globally renowned and expanding airports and supports a broad range of ancillary sectors that comprise the broader aviation industry. Additionally, the wider region is home to a number of further leading, high-growth airlines, making the Middle East the most exciting region in aviation.

ADGM offers a Common Law jurisdiction that directly applies the English Common Law (Common Law), providing the ideal platform from which to conduct aircraft financing and leasing activity, reinforced by an independent courts and arbitration facilities. Companies can also benefit from 0% corporate tax and an extensive and growing network of double taxation treaties.

ADGM is already home to a growing pool of aviation professionals with a number of leading international law firms and other advisors with extensive expertise in aviation finance. Abu Dhabi is also home to several well-capitalised banks that are active in this field, as well as being a centre of sovereign, institutional and private wealth seeking investment opportunities.



Aviation Finance in ADGM: Economic Opportunities

- UAE HOME TO TWO OF THE WORLD'S BEST AND FASTEST GROWING AIRLINES
- TWO FURTHER LEADING AND EXPANDING LOW COST CARRIERS – TOP TWO IN MIDDLE EAST
- LARGE AND EXPANDING AIRPORTS AND AIR TRAFFIC
- GROWING HUB FOR CARGO AND LOGISTICS
- MIDDLE EAST HOME TO SEVERAL FURTHER AMBITIOUS AIRLINES
- MIDDLE EAST FORECAST TO BE ONE OF THE FASTEST GROWING AVIATION REGIONS OVER THE NEXT 20 YEARS
- PROXIMITY TO SEVERAL CURRENT AND EMERGING AVIATION MEGA-CITIES
- CENTRALLY LOCATED TO HIGH GROWTH MARKETS OF ASIA AND AFRICA

1st time

in the Middle East

Common law of England and Wales on civil and commercial matters directly applicable

UAE Aviation Story

1985 – Emirates Airline launched with $10MN in start-up capital and two aircrafts on wet-lease from Pakistan International Airlines

1997 – Waha Capital established to invest in asset-financing for aircrafts, ships and other high value assets

1998 – Dubai International Airport began its expansion process

2003 – Etihad Airways launched

Air Arabia launched

2006 – Dubai Aerospace Enterprise (DAE) launched – with 2017 acquisition of AWAS, now amongst top 10 global leasing companies

2009 – Fly Dubai launched

2010 – Dubai Al Maktoum International Airport opened

Mubadala established Sanad (aircraft engines and components lessor in Abu Dhabi)

Mubadala established Strata (aircraft component manufacturing in Abu Dhabi)

Waha Capital exchanged portfolio of assets for 20% equity in Aercap to become largest shareholder

2011 – Abu Dhabi airport became one of the few locations in the world to offer US pre-clearance facilities

2013 – Emirates Airline placed the largest aircraft order ever – 200 airplanes estimated at USD $99 BN

GE Capital entered into a Joint Venture with Mubadala for cooperation in various aerospace activities, including aircraft leasing

2016 – **ADGM structured its first aircraft transaction and announced plans to become a regional hub for aircraft leasing and financing activity**

ADGM announced enactment of the Cape Town Convention and Aircraft Protocol 2001 into its insolvency framework

Etihad Airways and Natixis completed a sale and leaseback for two Airbus A380 aircraft. Both aircraft owned by special purpose companies based in ADGM

Extensive Double Tax Treaty Network

84 tax
treaties in force

31 tax
treaties in progress

The UAE has an extensive network of double tax treaties, with more treaties in place than any other aircraft leasing centre including treaties with many countries that are missing from the networks of other leasing centres:

Strong global coverage:
- Europe (**36 tax treaties**)
- Asia Pac (**29 tax treaties**)
- Africa (**11 tax treaties**)
- Americas (**8 tax treaties**)

Double tax treaties remove or reduce withholding tax levied on international payments into the UAE by overseas tax authorities, creating a more tax efficient environment from which to conduct international leasing transactions. Approximately two-thirds of UAE tax treaties remove withholding tax on lease rental payments altogether.

A report analyzing the UAE treaty network compared to Ireland, Singapore and Hong Kong, prepared by PWC, is available on our website.

The Middle East Region Presents an Enormous Opportunity

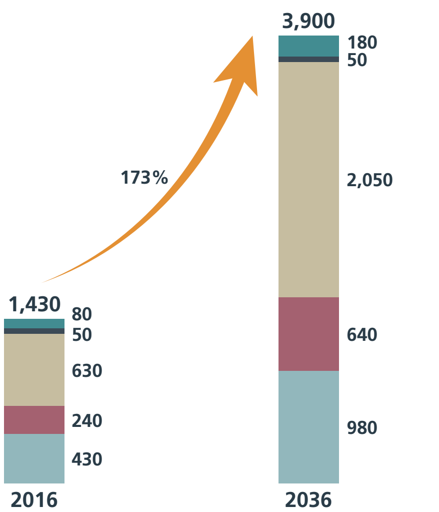
MIDDLE EAST AVIATION GROWTH FACTORS

- **Powerful Hub Aggregation**
- **Diverse Business Strategies**
  - Alliances
  - Equity & Code Shares
  - Organic Growth
- **Regional Crossroads**

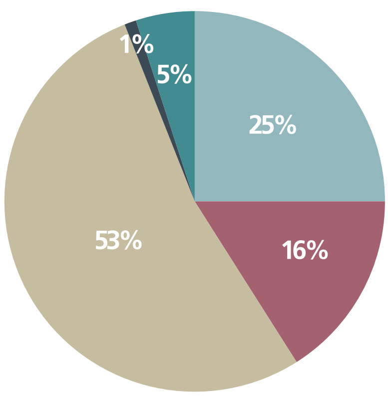
Growth Measures (%)	
Economy (GDP)	▲ 3.5
Traffic (RPK)	▲ 5.6
Airplane Fleet	▲ 5.1

Market Size	
Deliveries	3,350
Market Value	$730 BN
Average Value	$220 MN

Middle East Aircraft Fleet

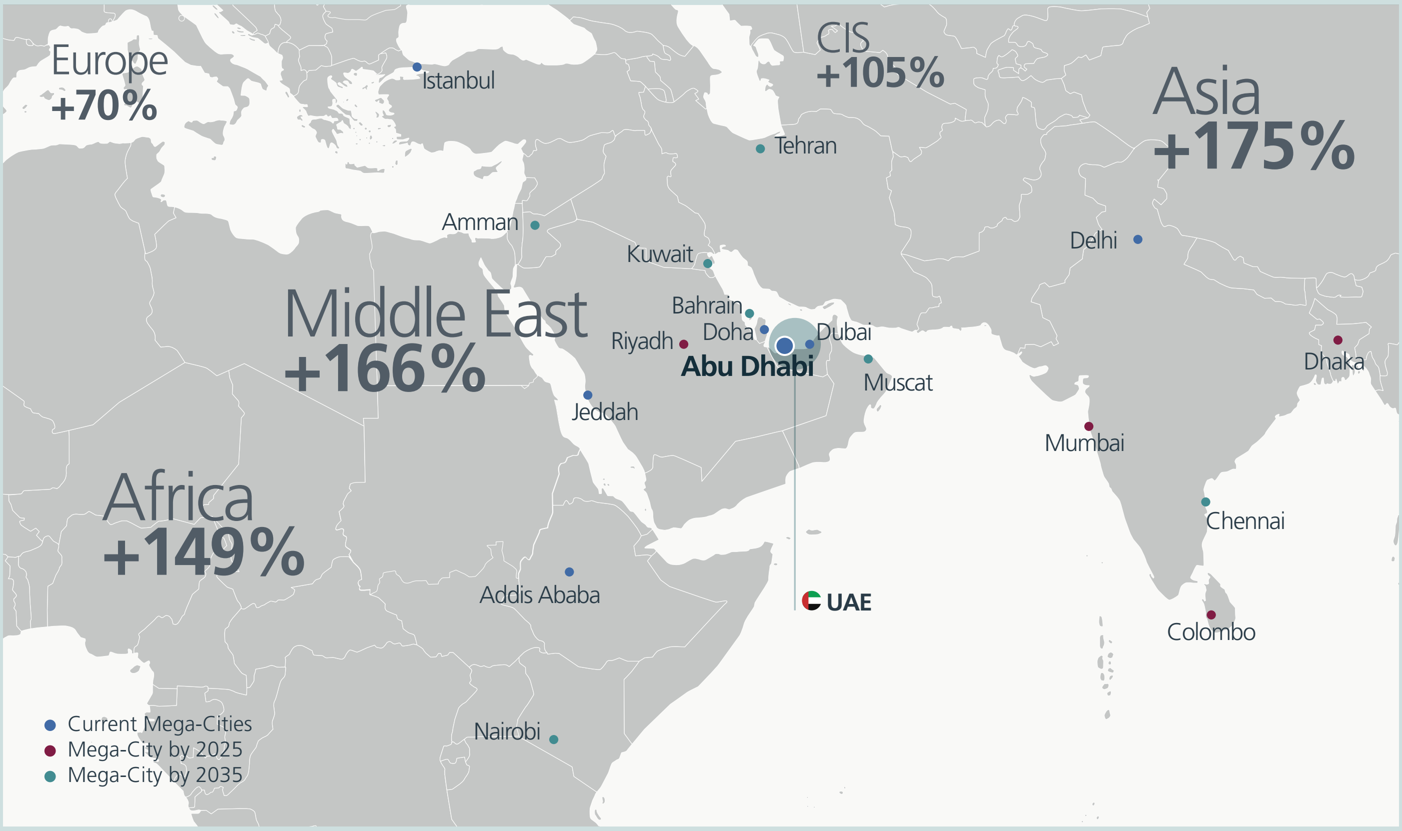


Middle East Delivery Units



3,350 new aircraft
2016 - 2036

● Freighters ● Small Widebody ● Regional Jet
● Medium Widebody ● Single Aisle



Why ADGM for Aviation Finance?

Establishing a regional presence in ADGM allows you to improve your competitive positioning by being closer to high growth local and regional clients, as well as providing an alternative jurisdiction for tax efficient structuring of aircraft transactions.

ADGM is committed to working together with industry participants in our client community to support business opportunities and improve business conditions for the aviation finance industry to achieve its aim of becoming the regional hub for aircraft finance and leasing.

ADGM Platform

- ✔ Common law legal environment
- ✔ Tax efficient jurisdiction with 0% corporate tax for 50 years
- ✔ Extensive double tax treaty network
- ✔ Insolvency regulations based on English Companies Law
- ✔ UAE signatory to Cape Town Convention and application confirmed within ADGM regulations
- ✔ SPV regime benchmarked globally in terms of cost and ease of process
- ✔ Trusts recognized with regime based on English Trust Law
- ✔ Set up bankruptcy remote orphan companies
- ✔ Typical security package available including share pledge and aircraft mortgage

ADGM Ecosystem

- ✔ Extensive network of aviation finance professionals – lawyers, bankers, advisory
- ✔ ADGM Courts and arbitration facilities for settling of legal disputes chaired by leading common law judges
- ✔ Abundance of regional investor capital
- ✔ A vibrant community of financial and professional services firms
- ✔ Supported development of a community of aviation finance businesses in ADGM

The ADGM platform is suitable for the incorporation of businesses across a wide range of operational activities in the aviation finance ecosystem

Leasing Companies	**Law Firms**	**Aviation Investment Funds**
Banks and Financing Companies	**Advisory Firms**	**Others** Appraisers Re-marketing Services Asset Management

Structuring Aircraft Transactions in ADGM

With a common law legal platform and the requisite structures and corporate vehicles, ADGM is ideally positioned for the structuring of local and international aircraft transactions. The first aircraft transactions structured in ADGM were completed in 2016.

ADGM is a tax efficient jurisdiction for the structuring of aircraft transactions with a 0% corporate tax rate and an extensive network of double tax treaties.

ADGM offers a competitive Special Purpose Vehicle (SPV) regime for holding aircraft assets, benchmarked against leading jurisdictions in terms of cost and ease of process. ADGM also has Trust regulations based on English Trust Law and recognizes bankruptcy remote orphan trust structures.

- Best-in-class SPV regime
- Fast setup process and fully online
- Competitive fees - $1,600 in year 1 and $1,200 in subsequent years
- Simple and straightforward ongoing reporting requirements
- No audit requirement for SPVs
- No office space requirement for SPVs
- Corporate Services Providers can act as registered agent
- Simplified and cost effective wind-down process SPVs (no liquidator required)

Why ADGM?

WORLD CLASS INSTITUTIONS AND ADVISORS

- Access to a growing ecosystem of finance, services and talent
- Home to the world's leading professional advisory firms

LEGAL AND REGULATORY

- An independent jurisdiction with its own civil and commercial laws
- Common law directly applicable providing high levels of legal certainty
- Flexibility for additional amendments to regulations as required
- Independent ADGM Courts
- Use of standard form transactional documentation for increased efficiency

TAX ENVIRONMENT

- 0% corporate tax
- 0% personal income tax
- No withholding taxes
- No restrictions on repatriation of profits
- Access to growing number of Double Tax Treaties (84 in force and 31 in progress)

EFFICIENT PROCESS AND PROCEDURES

- Fully digital application
- Support with visas and government services

INFRASTRUCTURE

- Grade 'A' offices and modern infrastructure
- Global connectivity through world-class airlines
- Leading hotels, healthcare and lifestyle amenities

ABU DHABI QUICK FACTS

- Over half of approx **$400 BN** economy of UAE
- Per capita GDP of **$76,000**
- Average **GDP growth** of 11% p.a. since 2005
- Owns 9% of the world's proven **oil reserves**
- Owns 5% of the world's **gas reserves**
- **Stable inflation** rate of 3.2%
- More than half of GDP from **non-oil & gas sectors**

International Financial Centre of the Year MENA

Abu Dhabi Global Market, an international financial centre in the capital of the United Arab Emirates, fully opened for business on 21st October 2015. A financial free zone, ADGM is an independent jurisdiction encompassing the entire 114 hectares (1.14 sq km) of Al Maryah Island with rules and regulations aligned with international best practice. ADGM's three independent authorities (Registration Authority, Financial Services Regulatory Authority and the ADGM Courts) provide a holistic environment enabling registered companies to conduct business and operate with confidence.

Skyline of Al Maryah Island, Abu Dhabi's International Financial Centre

Require more information?

The Registration Authority Business Development team will provide further information and discuss your business needs and concerns in greater detail. We will strive to help you make informed decisions that will benefit your business growth ambitions.

CONTACT US

aviation@adgm.com
+971 2 333 8888
www.adgm.com

AUGUST 2017