

A HEALTHY DEMAND FOR COOLED FOOD PRODUCTS



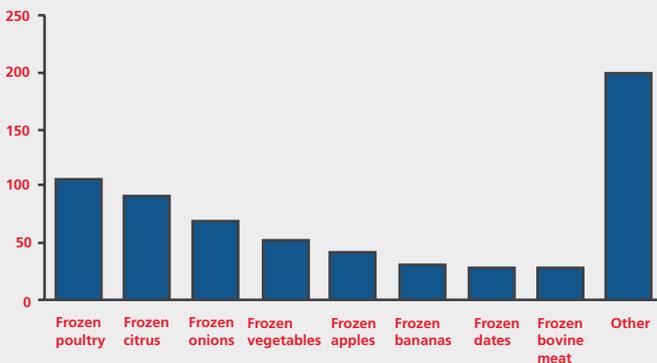
With fast economic growth and growing populations, there is strong demand in the Middle East and Indian Subcontinent for perishable (cooled) food products.

From 2007 to 2012, imports of perishable commodities have grown 8% per year with Saudi Arabia, the biggest importer, having grown 10% per year since 2007. Saudi Arabian

perishable imports alone account for over 200k TEU, accounting for about 8% of all Saudi Arabian containerized imports.

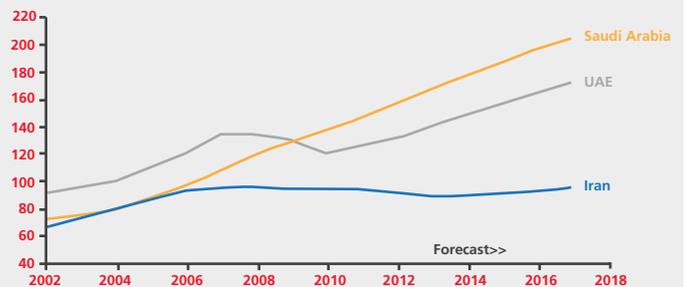
Much of this growth is driven by Saudi Arabia, which has grown to become the biggest importer, gaining market share since 2007, from 29% of total regional imports to 33%.

Top perishables into Gulf, India and Pakistan, 2012
Volume (000's)



Source: Seabury Ocean Trade Database

Real private consumption, 3yr moving average
USD (B), (USD at 2005 prices)

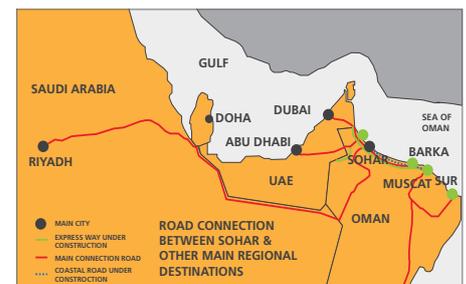


Source: Economist Intelligence Unit

Faster connectivity for longer shelf life

With the new road to Saudi Arabia about to be completed, it can be expected that trucking rates between SOHAR and major Saudi Arabian cities will be lower than rates between Dubai and these same cities. The new road will also avoid congestion at the UAE/KSA border, which during peak

and holiday periods can add 4-10 days of travel time. Naturally, a delay of that length can spoil perishable commodities. Also the upcoming rail network will connect SOHAR Port and Freezone directly with Muscat, Dubai and Abu Dhabi connecting tenants with major consumer markets.



Realizing the vision

Developing a perishables distribution centre is an ambitious goal for any port or airport, but SOHAR is particularly suited to realizing this vision. There are a few key elements that help SOHAR in this regard:

- **Inter-modal transport is an important characteristic for a perishables hub;** the new airport being constructed in SOHAR will make this intermodality possible. Furthermore, a perishables hub in the Port could attract cargo volumes to the airport, aiding in its development.
- **Developing a successful perishables hub requires more than just infrastructure** and many perishables hubs around the world have struggled despite great infrastructure, because of an inability to align all stakeholders and develop a reliable process. Having an active and engaged port operator such as SIPC along with the expertise of the Port of Rotterdam is crucial to bringing together all of the governmental bodies and private companies needed to create a successful perishables hub.

Advantage SOHAR

SOHAR Freezone has appealing conditions for traders, distributors and food processing companies. Warehousing costs are competitive and smaller players will be able to sublease warehousing space while still operating with 100% ownership.

- **Captive Omani market, with limited competition** in contrast to the UAE, where there is stiff competition within the free zones and local market
- **Professional and experienced Freezone and Port team through Port of Rotterdam** connection. With a high quality management team in place development will proceed as planned
- **100% foreign ownership** for Freezone tenants
- **Duty-free imports** in the Freezone
- **Tax holidays** for up to 25 years in the Freezone
- **Low local labour requirements** with up to 85% overseas workforce allowed
- **Low capital requirements**, with only OMR 20,000 required to set up a company in the Freezone
- **Lower cost of living** compared to the UAE
- **One-Stop-Shop service** in the Freezone limits the bureaucracy that tenants have to face, and improves the ease of doing business

Competitive rates and resources

	SOHAR	Jebel Ali	DWC	Hamriyah	KIZAD	RAK
Power (US\$/kWh)*	0.04	0.09	0.09	0.12	0.04	0.11
Open land (US\$/sqm)*	7.00	5.44 - 21.78	5.44 - 10.98	6.81 - 10.89	2.72 - 6.81	9.53 - 13.61
Registration FZ company (US\$)*	2,700 - 4,100	4,100	Free	2,500	1,400	1,900
General trade license (US\$)*	7,800	8,200	Not available	3,300	1,400	4,100

*All US\$ costs subject to possible exchange rate fluctuations

Source: SOHAR Port and Freezone

Traders in the UAE have already taken advantage of the country's geographic proximity to Saudi Arabia to capitalize on growing demand there. The same opportunity exists in SOHAR, where the cost of doing business is competitive with the UAE. SOHAR is equal to or cheaper than Jebel Ali in all cases, and competitive with other free zones in the UAE across all categories. Power costs in SOHAR are about half of what they are in most competing free zones, and approximately equal to KIZAD while SOHAR's Freezone offers readily available and affordable, competitively-priced land. SOHAR also benefits from lower terminal handling charges (THC) relative to Jebel Ali.

	20' Laden	40' Laden
SOHAR import THC (USD)	\$104	\$142
Jebel Ali import THC (USD)	\$187	\$296
SOHAR advantage (USD)	\$83	\$154

These indicative THC rates are for February 2014. Please note that these values will change over time, can vary by carrier, and do not represent a full costing of all landside charges.