GOOD FOR WHITE GOODS

With rapid economic growth and a rising middle class in the Middle East, household consumption has been growing rapidly. White goods, such as refrigerators and washing machines, are one of the top product sectors to benefit from this trend.

In 2012 alone, the Gulf region imported 134,000 TEU of white goods, worth nearly USD $3 billion. There are three major markets in the region, all similar in size – Iran, Saudi Arabia, and the UAE. Sanctions have taken a toll on Iranian volumes in recent years, and a slowdown can be seen in the UAE as well, but Saudi Arabia has consistently grown throughout. SOHAR is well-positioned to serve the Saudi Arabian market, as well as the Iranian market once this market becomes more transparent.

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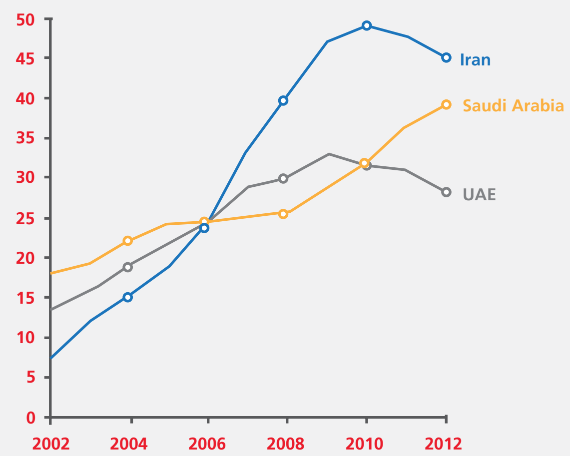
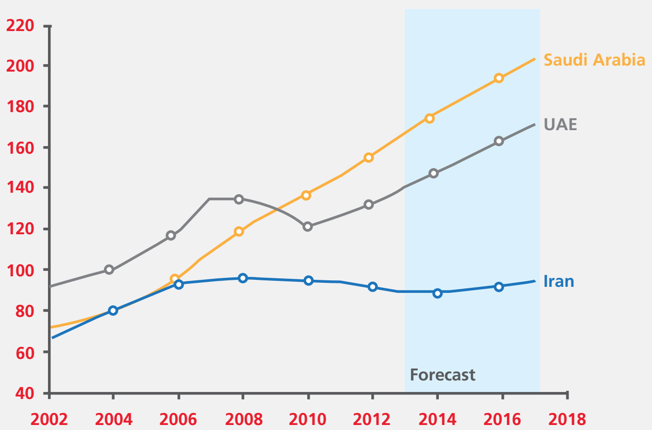
Imports of white goods, 3yr moving average
TEU (000's)



Source: Seabury Ocean Trade Database

White goods imports have grown to become a major import sector over the past ten years. In recent years, growth has stagnated in the UAE and Iran, but has continued uninterrupted for Saudi Arabia.

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



Source: Seabury Ocean Trade Database

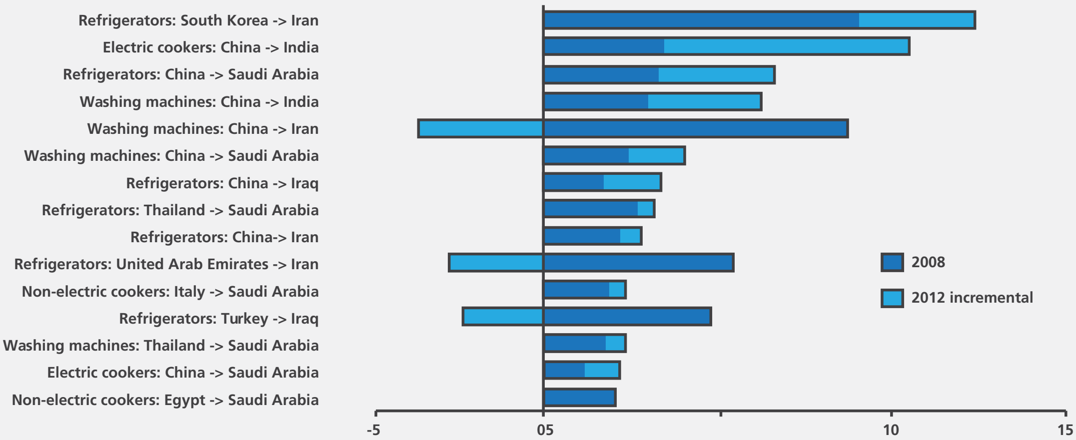
Saudi Arabia has seen steady growth, while the UAE and Iran have seen flat or negative growth since around 2007. Consumer spending is projected by the EIU to continue to grow at historical rates for Saudi Arabia, and the UAE is also projected to rebound. Any rebound in Iran will depend on political circumstances.

Direct access to Saudi Arabia

The main trade partners for white goods are China and South Korea. These goods are typically either imported directly to Saudi Arabia, or imported through traders in the UAE. SOHAR is well-situated for access to the Saudi Arabian market, with a direct road connecting SOHAR to Riyadh and Jeddah scheduled for completion in 2014.

This direct link should reduce transport time by avoiding the congested UAE-Saudi border crossing. Trucking rates can be expected to decrease as a result of the new connection as well, and should be lower than trucking rates from the UAE.
An added benefit of SOHAR's location is easy access to the Iranian market, should that market open in the future.

Top import trade lanes
TEU (000's)



China dominates white goods shipments into the region, followed by South Korea

Source: Seabury Ocean Trade Database

Advantage SOHAR

SOHAR Freezone has appealing conditions for traders and distributors. 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, affordable and 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.