

IMPORTANT NOTICE

THIS BASE PROSPECTUS IS AVAILABLE TO: (1) QIBs (AS DEFINED BELOW) WHO ARE ALSO QPs (AS DEFINED BELOW) OR (2) NON-U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")) OUTSIDE OF THE UNITED STATES

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached base prospectus (the "**Base Prospectus**") and you are therefore advised to read this disclaimer 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 from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the Base Prospectus is confidential and intended only for you and **you agree you will not forward, reproduce or publish this electronic transmission or the Base Prospectus to any other person.**

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR SOLICITATION IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED IN THIS BASE PROSPECTUS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE U.S. AND MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. (AS DEFINED IN 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 OR LOCAL SECURITIES LAWS. 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.

Any securities described in the Base Prospectus which do not constitute "alternative finance investment bonds" ("**AFIBs**") within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010 will represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000 (the "**FSMA**")) which has not been authorised, recognised or otherwise approved by the United Kingdom Financial Conduct Authority. Accordingly, the securities must not be marketed in the United Kingdom to the general public and the Base Prospectus is not being distributed to, and must not be passed on to, the general public in the United Kingdom.

The distribution in the United Kingdom of this Base Prospectus, any Final Terms (as defined herein) and any other marketing materials relating to the securities is being addressed to, or directed at: (A) if the securities are AFIBs and the distribution is being effected by a person who is not an authorised person under the FSMA, only the following persons: (i) 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**"), (ii) persons falling within any of the categories of persons described in Article 49 (High net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order; and (B) if the securities are not AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "**Promotion of CISs Order**"), (ii) persons falling within any of the categories of person described in Article 22 (High net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Promotion of CISs Order (all such persons together being referred to as "**relevant persons**").

Confirmation of your representation: In order to be eligible to view the attached Base Prospectus or make an investment decision with respect to the securities, you must be (i) a person that is outside the United States and is not a U.S. person (within the meaning of Regulation S); or (ii) a qualified institutional buyer (a "**QIB**") within the meaning of Rule 144A under the Securities Act ("**Rule 144A**") who is also a qualified purchaser (a "**QP**") as defined in Section 2(a)(51)(A) of the U.S. Investment Company Act of 1940, as amended, that is acquiring the securities for your own account or the account of another QIB who is also a QP. By accessing the Base Prospectus you confirm to the Government of the Sultanate of Oman represented by the Ministry of Finance (the "**Obligor**" or the "**Government**"), Oman Sovereign Sukuk S.A.O.C. (registered in Oman with commercial registration number 1225873) (in its capacities as issuer of the securities and as trustee for the holders of the securities, the "**Trustee**") and each of Citigroup Global Markets Limited, HSBC Bank plc, J.P. Morgan Securities plc and Standard Chartered Bank (the "**Arrangers**") and Alizz Islamic SAOG, Citigroup Global Markets Limited, Dubai Islamic Bank P.J.S.C., Gulf International Bank B.S.C., HSBC Bank plc, J.P. Morgan Securities plc, Standard Chartered Bank any other dealers appointed under the Programme (as defined herein) from time to time by the Obligor and the Trustee, which appointment may be for a specific issue of securities or on an ongoing basis (together, the "**Dealers**") that (i) you understand and agree to the terms set out herein; (ii) you are a relevant person; (iii)(A) you are not a U.S. person; or (B) you are a QIB who is also a QP and the electronic mail (or e-mail) address to which, pursuant to your request, the Base Prospectus has been delivered by electronic transmission is utilised by someone who is a QIB and a QP; (iv) you are a person who is permitted under applicable law and regulation to receive this Base Prospectus; (v) you consent to delivery of such Base Prospectus and any supplements thereto by electronic transmission; (vi) 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 (vii) 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 securities.

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 or disclose the contents of 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 and the Arrangers and the Dealers or any affiliate of the Arrangers or the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Arranger or Dealer or such affiliate on behalf of the Obligor or holders of the applicable securities in such 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 these securities 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 the securities described herein are reminded that any subscription or purchase may only be made on the basis of the information contained in the Base Prospectus, the applicable Final Terms and/or supplement(s) to the Base Prospectus (if any).

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 Obligor, the Trustee, the Arrangers 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 none of the Obligor, the Trustee, the Arrangers or 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 Obligor, the Trustee, the Arrangers 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.

Each of the Arrangers and the Dealers are acting exclusively for the Obligor and the Trustee and no one else in connection with any offer of the securities described in the Base Prospectus. They will not regard any other person (whether or not a recipient of the Base Prospectus) as their client in relation to any offer of the securities described in the Base Prospectus and will not be responsible to anyone other than the Obligor and the Trustee for providing the protections afforded to their clients nor for giving advice in relation to any offer of the securities described in the Base Prospectus or any transaction or arrangement referred to herein.



OMAN SOVEREIGN SUKUK S.A.O.C.

(incorporated as a closed joint stock company in the Sultanate of Oman) and registered in the Sultanate of Oman with commercial registration number 1225873)

Trust Certificate Issuance Programme

Under the trust certificate issuance programme described in this Base Prospectus (the "**Programme**"), Oman Sovereign Sukuk S.A.O.C. (in its capacities as issuer of the Trust Certificates (as defined below) and trustee for the Certificateholders (as defined below) (the "**Trustee**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue trust certificates (the "**Trust Certificates**") in any currency agreed between the Trustee and the relevant Dealer(s) (as defined below).

Trust Certificates may only be issued in registered form.

The Trust Certificates 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 by the Trustee (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(s) shall, in the case of an issue of Trust Certificates being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Trust Certificates.

The Trust Certificates will be limited recourse obligations of the Trustee. An investment in Trust Certificates issued under the Programme involves certain risks. For a discussion of these risks, see "Risk Factors".

Each Tranche (as defined herein) of Trust Certificates issued under the Programme will be constituted by (i) a master trust deed (the "**Master Trust Deed**") dated 16 May 2017 entered into between the Trustee, the Government of the Sultanate of Oman represented by the Ministry of Finance (the "**Obligor**" or the "**Government**") and The Law Debenture Trust Corporation p.l.c. as delegate of the Trustee (in such capacity, the "**Delegate**") and (ii) a supplemental trust deed (the "**Supplemental Trust Deed**") and, together with the Master Trust Deed, the "**Trust Deed**") in relation to the relevant Tranche. Trust Certificates of each Series (as defined herein) confer on the holders of the Trust Certificates from time to time (the "**Certificateholders**") the right to receive certain payments (as more particularly described herein) arising from the assets of a trust declared by the Trustee in relation to the relevant Series (the "**Trust**"). Such assets include the rights, title and interest of Oman Sovereign Sukuk S.A.O.C. in, to and under the Lease Asset(s) (as defined herein) of the relevant Series (the "**Relevant Lease Asset(s)**") as set out in (i) a master lease agreement (the "**Master Lease Agreement**") dated 16 May 2017 entered into between the Trustee (in its capacity as lessor) and the Government (in its capacity as lessee) and (ii) a supplemental lease agreement (as may from time to time be replaced in accordance with the provisions of the relevant Supplemental Purchase Agreement, the Servicing Agency Agreement, the Sale and Substitution Undertaking and/or the Purchase Undertaking (each as defined herein), the "**Supplemental Lease Agreement**") for the relevant Series (such assets being referred to as the "**Trust Assets**" for the relevant Series).

This Base Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under Directive 2003/71/EC, as amended (including by Directive 2010/73/EU) (the "**Prospectus Directive**"). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union (the "**EU**") law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange plc for the Trust Certificates issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list (the "**Official List**") and to trading on its regulated market (the "**Main Securities Market**"). The Main Securities Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments ("**MiFID**"). Such approval relates only to the Trust Certificates which are to be admitted to trading on a regulated market for the purposes of MiFID and/or which are to be offered to the public in any relevant member state of the European Economic Area (an "**EU Member State**"). References in this Base Prospectus to Trust Certificates being listed (and all related references) shall mean that such Trust Certificates have been admitted to listing on the Official List and to trading on the Main Securities Market or, as the case may be, another MiFID regulated market as may be specified in the applicable final terms relating to the relevant Tranche (the "**applicable Final Terms**" of "**Final Terms**"). The Programme provides that Trust Certificates may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Trustee, the Government and the relevant Dealer(s). However, unlisted Trust Certificates may also be issued pursuant to the Programme. The Final Terms in respect of the issue of any Trust Certificates will specify whether or not such Trust Certificates will be listed on the Official List and admitted to trading on the Main Securities Market (or any other stock exchange). The Programme has been rated BBB by Fitch Ratings Limited ("**Fitch**") and Baa1 by Moody's Deutschland GmbH ("**Moody's**"). The Sultanate of Oman ("**Oman**") has been assigned a long-term and local currency sovereign credit rating of BB+ by Standard and Poor's Credit Market Services Europe Limited ("**S&P**") with a negative outlook, a long-term issuer rating of Baa1 by Moody's with a stable outlook and a long-term issuer rating of BBB by Fitch with a stable outlook. Each of S&P, Moody's and Fitch is established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**"). As such each of S&P, Moody's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAS>) in accordance with the CRA Regulation. Trust Certificates issued under the Programme may be rated or unrated. Where a Tranche of Trust Certificates is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the rating assigned to the Programme by any of Fitch, Moody's or S&P. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Trust Certificates have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") or the applicable securities laws 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 Trustee has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"), in reliance upon the exception provided by Rule 3(c)(7) thereof. The Trust Certificates may be offered and sold only (1) to a person who is a qualified institutional buyer (a "**QIB**") (as defined in Rule 144A under the Securities Act ("**Rule 144A**") who is also a qualified purchaser (a "**QP**") as defined in Section 2(a)(51)(A) of the Investment Company Act purchasing for its own account or the account of a QIB who is also a QP in reliance on the exemption from the registration requirements of the Securities Act of 1933, provided by Rule 144A (the "**Restricted Trust Certificates**") thereof; or (2) to non-U.S. Persons in offshore transactions in reliance on Regulation S (the "**Unrestricted Trust Certificates**"), and in each case, in accordance with any other applicable laws, regulations and directives. Prospective purchasers are hereby notified that (i) the seller of the Restricted Trust Certificates may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A thereof and (ii) the Trustee will not be registered under, and purchases of the Trust Certificates will not be entitled to the benefit of, the Investment Company Act. The Trust Certificates are not transferable except in accordance with the restrictions described under "*Transfer Restrictions*". Each purchaser of the Trust Certificates in making its purchase will be deemed to have made certain acknowledgements, representations and agreements. The Trust Certificates are subject to other restrictions on resales, pledges, exchanges and other transfers — see "*Transfer Restrictions*". The Trust Certificates are subject to other restrictions on resales, pledges, exchanges and other transfers — see "*Subscription and Sale*" and "*Transfer Restrictions*".

The Trust Certificates will be initially represented by interests in one or more global certificates in registered form (the "**Global Trust Certificates**"). The Global Trust Certificates will either (i) be deposited with, and registered in the name of a nominee of, a common depositary (the "**Common Depositary**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, SA ("**Clearstream**") or (ii) be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("**DTC**"). Interests in the Global Trust Certificates will be shown on, and transfers thereof will be effected only through, records maintained by DTC and/or Euroclear and Clearstream, Luxembourg. Definitive Trust Certificates evidencing holdings of interests in the Trust Certificates will be issued in exchange for interests in the relevant Global Trust Certificate only in certain limited circumstances described therein.

The transaction structure relating to the Trust Certificates (as described in this Base Prospectus) has been approved by the Sharia Supervisory Board of Alizz Islamic Bank SAOG, Citi Islamic Investment Bank E.C. - Sharia Advisory Board, Dar Al Shariah, the Shariah Board advisers to Dubai Islamic Bank P.J.S.C., the Global Shariah Supervisory Board of Gulf International Bank B.S.C., the Executive Shariah Committee of HSBC Saudi Arabia Limited, Sh. Nizam Yaquby and Dr. Sh. Mohamed Elgari, the Shariah advisors to J.P. Morgan Securities plc and the *Shari'a* Supervisory Committee of Standard Chartered Bank. Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Trust Certificates and should consult their own *Shari'a* advisers as to whether the proposed transaction described in such approvals is in compliance with their individual standards of compliance with *Shari'a* principles.

Arrangers

Citigroup

HSBC

J.P. Morgan

Standard Chartered Bank

Dealers

Alizz Islamic Bank

Citigroup

Dubai Islamic Bank

Gulf International Bank

HSBC

J.P. Morgan

Standard Chartered Bank

The date of this Base Prospectus is 16 May 2017

IMPORTANT NOTICES

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and for the purpose of giving information with regard to the Trustee, the Government and the Trust Certificates which, according to the particular nature of the Trustee, the Government and the Trust Certificates, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Trustee and the Government.

The Trustee and the Government accept responsibility for the information contained in this Base Prospectus. To the best of the knowledge of each of the Trustee and the Government (each having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus should be read and construed together with any supplements hereto and, in relation to any Tranche of Trust Certificates, should be read and construed together with the applicable Final Terms.

Copies of Final Terms will be available from the specified office set out below (See "*General Information — Documents Available*") of the Principal Paying Agent (as defined below) save that, if the relevant Trust Certificates are not listed on the Official List and neither admitted to trading on the Main Securities Market or any other regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Certificateholder holding one or more Trust Certificates and such Certificateholder must produce evidence satisfactory to the Trustee or, as the case may be, the Principal Paying Agent as to its holding of such Trust Certificates and identity.

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

To the fullest extent permitted by law, none of the Dealers, the Arrangers (as specified under "*Overview*"), the Agents (as defined in the "*Terms and Conditions of the Trust Certificates*") or the Delegate accepts any responsibility for the contents of this Base Prospectus or for any other information provided in connection with the Trustee, the Government, the Programme or any Trust Certificates issued thereunder. Each Arranger, Dealer, Agent and the Delegate accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement.

No person is or has been authorised by the Trustee or the Government to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the issue or sale of the Trust Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by the Government, the Trustee, the Delegate, the Arrangers or, any Dealer.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Trust Certificates (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Government, the Trustee, the Delegate, any Arranger, any Dealer, or any Agent that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Trust Certificates should purchase any Trust Certificates. Each investor contemplating purchasing any Trust Certificates should determine for itself the relevance of the information contained in this Base Prospectus make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Trustee and the Government and its purchase of any Trust Certificates should be based upon such investigation as it deems necessary. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Trust Certificates constitutes an offer or invitation by or on behalf of the Government, the Trustee, the Delegate, the Arrangers, any Dealer or the Agents to any person to subscribe for or to purchase any Trust Certificates. None of the Dealers, the Arrangers, the Agents or the Delegate undertakes to review the financial condition or affairs of the Trustee or the Government during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in

the Trust Certificates of any information coming to the attention of any of the Dealers, the Arrangers, the Agents or the Delegate.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Trust Certificates shall in any circumstances imply that the information contained in it concerning the Trustee or the Government is correct at any time subsequent to its date or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Delegate, the Arrangers, the Dealers and the Agents expressly do not undertake to review the financial condition or affairs of the Trustee or the Government during the life of the Programme or to advise any investor in the Trust Certificates issued under the Programme 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 Trust Certificates in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Trust Certificates may be restricted by law in certain jurisdictions. The Government, the Trustee, the Delegate, the Arrangers, the Dealers and the Agents do not represent that this Base Prospectus may be lawfully distributed, or that any Trust Certificates 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 Government, the Trustee, the Delegate, the Arrangers, the Dealers or the Agents, which is intended to permit a public offering of any Trust Certificates or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Trust Certificates 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 Trust Certificates may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Trust Certificates. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Trust Certificates in the United States, the European Economic Area, the United Kingdom, the Sultanate of Oman, Kingdom of Saudi Arabia, the Kingdom of Bahrain, State of Qatar (including the Qatar Financial Centre), State of Kuwait, the United Arab Emirates (excluding the Dubai International Financial Centre), Dubai International Financial Centre, Hong Kong and Singapore (and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Trust Certificates) (see "*Subscription and Sale*").

No comment is made or advice given by the Government, the Trustee, the Delegate, the Arrangers, any Dealer or the Agents in respect of taxation matters relating to any Trust Certificates or the legality of the purchase of Trust Certificates by an investor under applicable or similar laws.

EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISER, LEGAL ADVISER AND BUSINESS ADVISER AS TO TAX, LEGAL, BUSINESS AND RELATED MATTERS CONCERNING THE PURCHASE OF TRUST CERTIFICATES.

The Trust Certificates are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Trust Certificates which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Trust Certificates will perform under changing conditions, the resulting effects on the value of such Trust Certificates and the impact this investment will have on the potential investor's overall investment portfolio.

The Trust Certificates may not be a suitable investment for all investors. Each potential investor in Trust Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisors, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Trust Certificates, the merits and risks of investing in the Trust Certificates and the information contained in this Base Prospectus or any applicable supplement;

- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Trust Certificates and the impact the Trust Certificates will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Trust Certificates, including where the currency of payment is different from the potential investor's currency;
- (d) understands thoroughly the terms of the Trust Certificates and is familiar with the behaviour of any relevant indices and financial markets; and
- (e) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to 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) the Trust Certificates are legal investments for it, (2) the Trust Certificates can be used as collateral for various types of financing and (3) other restrictions apply to its purchase or pledge of any Trust Certificates. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Trust Certificates under any applicable risk-based capital or similar rules.

NOTICE TO RESIDENTS OF OMAN

The information contained in this Base Prospectus does not constitute an offer of securities in Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74, as amended) (the "Commercial Companies Law") or Article 3 of the Capital Market Law of Oman (Royal Decree 80/98, as amended) nor does it constitute a sukuk offering pursuant to the Sukuk Regulation issued by the Oman Capital Market Authority (CMA Decision 3/2016). This Base Prospectus will only be made available to investors in Oman in accordance with Article 139 of the Executive Regulations of the Capital Market Law (CMA Decision 1/2009, as amended) (the "Executive Regulations") by an entity duly licensed by the Oman Capital Market Authority to market non- Omani securities in Oman.

This Base Prospectus has not been (and will not be) filed with the Oman Capital Market Authority (except in accordance with Article 139 of the Executive Regulations), the Central Bank of Oman or any other regulatory authority in Oman and neither the Oman Capital Market Authority nor the Central Bank of Oman assumes responsibility for the accuracy and adequacy of the statements and information contained in this Base Prospectus and shall not have any liability to any person for damage or loss resulting from reliance on any statements or information contained herein.

NOTICE TO UK RESIDENTS

Any Trust Certificates to be issued under the Programme which do not constitute "alternative finance investment bonds" ("AFIBs") within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010 will represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000 (the "FSMA")) which has not been authorised, recognised or otherwise approved by the United Kingdom Financial Conduct Authority. Accordingly, any Trust Certificates to be issued under the Programme must not be marketed in the United Kingdom to the general public and this Base Prospectus is not being distributed to, and must not be passed on to, the general public in the United Kingdom.

The distribution in the United Kingdom of this Base Prospectus, any Final Terms and any other marketing materials relating to the Trust Certificates is being addressed to, or directed at: (A) if the Trust Certificates are AFIBs and the distribution is being effected by a person who is not an authorised person under the FSMA, only the following persons: (i) 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"), (ii) persons falling within any of the

categories of persons described in Article 49 (High net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order; and (B) if the Trust Certificates are not AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "Promotion of CISs Order"), (ii) persons falling within any of the categories of person described in Article 22 (High net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Promotion of CISs Order.

Persons of any other description in the United Kingdom may not receive and should not act or rely on this Base Prospectus, any Final Terms or any other marketing materials in relation to the Trust Certificates.

Potential investors in the United Kingdom in any Trust Certificates which are not AFIBs are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in such Trust Certificates and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme.

Any individual intending to invest in any investment described in this Base Prospectus should consult his professional adviser and ensure that he fully understands all the risks associated with making such an investment and that he has sufficient financial resources to sustain any loss that may arise from such investment.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

THE TRUST CERTIFICATES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION 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 TRUST CERTIFICATES OR THE ACCURACY OR THE ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

The Trust Certificates 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. Trust Certificates may not be offered, sold or delivered within the United States, except in transactions exempt from, or in transactions not subject to, the registration requirements of the Securities Act. The Trustee has not been and will not be registered as an investment company in the United States under the Investment Company Act.

The Trust Certificates are being offered and sold (i) to non-U.S. persons in offshore transactions in reliance on Regulation S and (ii) within the United States only to QIBs who are also QPs in reliance on Rule 144A. Prospective purchasers are hereby notified that (A) sellers of the Restricted Trust Certificates may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A and (B) the Trustee will not be registered under, and purchases of the Trust Certificates will not be entitled to the benefit of, the Investment Company Act. Each purchaser and transferee of the Trust Certificates in making its purchase or in accepting transfer will be deemed to have made certain representations, warranties and agreements as set forth under "*Transfer Restrictions*" in this Base Prospectus. In addition, each purchaser and transferee of the Trust Certificates will agree that, other than in compliance with the purchase and transfer restrictions described under such caption, it will not offer, sell, pledge or otherwise transfer the Trust Certificates. Any transfer in breach of the transfer restriction set forth in "*Transfer Restrictions*" will be null and void *ab initio*, and will not operate to transfer any rights to any transferee. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. See "*Transfer Restrictions*".

PROHIBITION ON SALES TO EEA RETAIL INVESTORS

If the Final Terms in respect of any Certificates includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Trust Certificates are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Trust Certificates or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Trust Certificates or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

VOLCKER RULE

The Trustee may be deemed to be a "covered fund" for purposes of Section 13 of the Bank Holding Company Act of 1956, as amended (in particular, by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act 2010), and any implementing regulations and related guidance (the "**Volcker Rule**"). Further, the Trust Certificates may constitute an "ownership interest" for purposes of the Volcker Rule. As a result, the Volcker Rule may, subject to certain exemptions, prohibit certain banking institutions from, directly or indirectly, acquiring or retaining the Trust Certificates. This prohibition may adversely affect the liquidity and market price of the Trust Certificates. In addition, any entity that is a "banking entity" under the Volcker Rule and is considering an investment in the Trust Certificates should consider the potential impact of the Volcker Rule in respect of such investment and on its portfolio generally.

NOTICE TO BAHRAIN RESIDENTS

In relation to investors in the Kingdom of Bahrain, Trust Certificates issued in connection with this Base Prospectus and related offering documents may only be offered in registered form to existing accountholders and accredited investors (each 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 another currency or such other amount as the CBB may determine.

This Base Prospectus does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Base Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Trust Certificates 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 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 Trust Certificates 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 Trust Certificates 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.

KINGDOM OF SAUDI ARABIA NOTICE

This Base Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations 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 Trust Certificates issued under the Programme should conduct their own due diligence on the accuracy of the information relating to the Trust Certificates. 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 QATAR

Any Trust Certificates to be issued under the Programme will not be offered or sold at any time, directly or indirectly, in 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 Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority in accordance with their regulations or any other regulations in Qatar. The Trust Certificates are not and will not be traded on the Qatar Stock Exchange. The Trust Certificates and interests therein will not be offered to investors domiciled or resident in Qatar and do not constitute debt financing in Qatar under the Commercial Companies Law No. (11) of 2015 or otherwise under the laws of Qatar.

STABILISATION

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF TRUST CERTIFICATES, THE DEALER OR DEALERS (IF ANY) NAMED AS STABILISING MANAGER(S) (OR ANY PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN THE APPLICABLE FINAL TERMS MAY OVER-ALLOT TRUST CERTIFICATES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE TRUST CERTIFICATES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION ACTION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE 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 TRUST CERTIFICATES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF TRUST CERTIFICATES. 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.

SUPPLEMENTARY BASE PROSPECTUS

If at any time the Trustee and the Government shall be required to prepare a supplementary base prospectus pursuant to Regulation 51 of Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland (S.I. No. 324 of 2005) (the "**Irish Prospectus Regulations**"), the Trustee and the Government will prepare and make available a supplement to this Base Prospectus which, in respect of any subsequent issue of Trust Certificates to be listed on the Official List and admitted to trading on the Main Securities Market, shall constitute a supplementary base prospectus as required by Regulation 51 of the Irish Prospectus Regulations.

Each of the Trustee and the Government has given an undertaking to the Arrangers and 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 Trust Certificates 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 each of the Trustee and the Government, and the rights attaching to the Trust Certificates, the Trustee and the Government shall prepare a supplement to this Base Prospectus or publish a replacement base prospectus for use in connection with any subsequent offering of the Trust Certificates and shall supply to each Arrangers and Dealer such number of copies of such supplement hereto as such Arrangers or Dealer may reasonably request.

PRESENTATION OF ECONOMIC AND OTHER INFORMATION

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be the sum of the figures which precede them. Statistical information reported herein has been derived from official publications of, and information supplied by, a number of agencies and ministries of the Trustee, including the Central Bank of Oman (the "**CBO**"), the National Centre for Statistics & Information and the Ministry of Oil and Gas. Some statistical information has also been derived from information publicly made available by third parties such as the International Monetary Fund. Where such third party information has been so sourced, the source is stated where it appears in this Base Prospectus. The Trustee confirms that it has accurately reproduced such information and that, so far as it is aware and is able to ascertain from information published by third parties, it has omitted no facts which would render the reproduced information inaccurate or misleading.

Similar statistics may be obtainable from other sources, but the date of publication, underlying assumptions, methodology and, consequently, the resulting data may vary from source to source. In addition, statistics and data published by one ministry or agency may differ from similar statistics and data produced by other agencies or ministries due to differing underlying assumptions, methodology or timing of when such data is reproduced. Certain historical statistical information contained herein is provisional or otherwise based on estimates that Oman and/or its agencies believe to be based on reasonable assumptions. Oman's official financial and economic statistics are subject to internal review as part of a regular confirmation process. Accordingly, the financial and economic information set out in this Base Prospectus may be subsequently adjusted or revised and may differ from previously published financial and economic information. While Oman does not expect such revisions to be material, no assurance can be given that material changes will not be made.

Information contained herein that is identified as being derived from a publication of Oman or one of its agencies or instrumentalities is included herein on the authority of such publication as an official public document of Oman. All other information contained herein with respect to Oman is included as an official public statement made on the authority of the Minister of Finance of the Government of Oman.

References to any individual period such as 2014 and so on are references to a calendar year commencing on 1 January and ending on 31 December in the same year. All references in this document to "**OMR**", "**Omani Rials**" and "**Baisa**" are to the currency of Oman; to "**U.S. Dollars**", "**U.S.\$**" and "**\$**" are to the currency of the United States of America. For ease of presentation, certain financial information relating to Oman included herein is presented as translated into U.S. Dollars at the U.S. Dollar/OMR rates of exchange deemed appropriate by Oman. Unless otherwise specified, such rates were applicable as of the end of such specified period(s). Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted into U.S. dollars at that or any other rate. References to "**SDR**" are to the Special Drawing Right, a unit of account having the meaning ascribed to it from time to time by the Rules and Regulations of the IMF. References in this document to "**billions**" are to thousands of millions. References to the "**Government**" are to the government of Oman. References to "**Oman**" are to the Sultanate of Oman.

AVAILABLE INFORMATION

The Trustee has agreed that, for so long as any Trust Certificates are "restricted securities" as defined in Rule 144(a)(3) under the Securities Act, it will, during any period that it is neither subject to Section 13 or 15(d) of the United States Securities Exchange Act of 1934 (the "**Exchange Act**"), nor a foreign government as defined in Rule 405 eligible to register securities under Schedule B of the Securities Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, furnish, upon request, to any holder or beneficial owner of Trust Certificates or any prospective purchaser designated by any such holder or beneficial owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

EXCHANGE RATES

The following table presents the average annual exchange rate of the Omani Rial against U.S. dollars in each of the years indicated.

Average Annual Exchange Rates						
	2011	2012	2013	2014	2015	2016
<i>(OMR per unit of currency unless otherwise indicated)</i>						
U.S.\$	0.3845	0.3845	0.3845	0.3845	0.3845	0.3845

On 16 May 2017, the closing U.S. Dollar/Omani Rial rate of exchange as reported by the Central Bank of Oman (the "**Bank**") was OMR 0.3845 = U.S.\$1.00.

JURISDICTION AND ENFORCEMENT

The Obligor

Immunity from suit

The Obligor is the Government of the Sultanate of Oman represented by the Ministry of Finance. Under Oman law, no legal person in Oman is immune from suit. Further, any sovereign immunity of the Trustee, the Obligor and its administrative units (including quasi-governmental entities) from process before the Oman courts was abrogated by Royal Decree 13/1997 and any claims in relation to contracts to which the Trustee and/or the Obligor is a party may now be brought before the Oman courts. This position is confirmed by the Law of Civil and Commercial Procedures Royal Decree 29/2002, as amended (the "**Oman Civil Procedure Law**") which, pursuant to its Article 13, confirms where a summons may be delivered to departments of the state and public bodies and Article 46 which confirms that suits against departments of state and public authorities and public bodies shall be filed before the Court within which their head offices are situated.

Immunity of public assets from attachment

Although no governmental entities are immune from suit, public assets are protected from attachment in the event of legal proceedings against the Trustee, the Government or quasi-governmental entities pursuant to Article 366 of the Oman Civil Procedure Law. This position was reinforced by the recent Civil Transactions Law (promulgated by Royal Decree 29/2013) which, at Article 56, provides that immovable or movable assets owned by the state or public legal persons who have been allocated such assets for public benefit by virtue of law or by a royal decree or by a resolution of the Minister of Finance, shall be deemed to be public assets and such assets shall not be the subject of dispositions, attachment or acquisitive prescription.

Assets of the Government or the Trustee which are not deemed to be public assets of the Government or the Trustee pursuant to Omani law also include those assets for the time being in use or intended for use for the purpose of, without limitation, the following transactions or activities:

- (a) any contract for the supply of goods and services and deposits or revenues therefrom;
- (b) any loan or other transaction for the provision of finance and any indemnity or guarantee relating thereto or of any other financial obligation entered into by the Government or the Trustee; and
- (c) any other transaction or activity of any commercial nature entered into or engaged in by the Government or the Trustee,

provided, however, that assets which can be characterised as: (A) "premises of the mission" as such term is defined in the Vienna Convention on Diplomatic Relations signed in 1961, or "consular premises" as such term is defined in the Vienna Convention on Consular Relations signed in 1963; (B) military or defence assets of the Sultanate of Oman for military or defence use by the Sultanate of Oman; or (C) assets used for public or governmental services (as opposed to commercial use) by the Sultanate of Oman, shall not, in any circumstances, constitute commercial assets.

Enforcement of Arbitral Awards in Oman

Foreign arbitral awards may be enforced in Oman pursuant to: (i) treaty obligations or (ii) the Oman Civil Procedure Law.

Oman has acceded to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 (Royal Decree 36/1998) (the "**New York Convention**"), and ratified the Riyadh Arab Convention of 1983 (SD 34/1999) (the "**Riyadh Convention**"). Although Oman has been a party to the New York Convention since 1998 each of the Trustee and the Obligor is aware of only one case which has come before the courts of Oman where a claimant has successfully enforced a foreign arbitral award issued by a contracting state. Whilst in that case the Oman Appeal Court held that the arbitral award was recognised and enforceable in Oman, it should be noted that there is no doctrine of binding precedent under Oman Law, although decisions of the Oman Appeal Court may be persuasive. Each of the Trustee and the Obligor has no reason to believe, however, that the courts of Oman would not enforce an arbitral award passed in a contracting state (without the need to re-examine or re-litigate), subject only to no valid

argument being raised that the enforcement of that arbitral award should be refused on one or more of the grounds set out in Article V of the New York Convention, or that the subject matter of the award is against public order or morality in Oman. However, the enforcement in Oman of any of the obligations of any party under the Trust Certificates or any of the Transaction Documents (as defined in the Terms and Conditions), will ultimately require an order for enforcement by the courts of Oman, which order is subject to discretion, including as to the manner in which such court would interpret and apply the New York Convention.

- If the foreign arbitral award is not enforceable pursuant to a treaty obligation (for example, an award is passed in a country that is not a signatory to the New York Convention or Riyadh Convention), it may nevertheless be possible to enforce such award in Oman subject to the satisfaction of the conditions set out in Articles 352 to 355 of the Oman Civil Procedure Law. In accordance with Article 352 of the Oman Civil Procedure Law, the courts of Oman possess an inherent jurisdiction to enforce foreign awards. When considering the enforcement of arbitral awards in the above circumstances, the courts of Oman will need to be satisfied that the following conditions have been met (reading "judgment" as "award"):
- it is passed by a competent judicial authority in accordance with the international jurisdiction rules applicable in the country in which the judgment or order is passed, and becomes final according to that law and was not grounded on deception;
- the parties to the dispute were summoned to appear and were properly represented;
- it does not include any requests, the basis of which breaches the laws enforced in Oman;
- it does not contradict any judgment or order previously issued by the courts of Oman, and it does not include anything contravening public order or morals;
- the country in which the said judgment or award was signed accepts the execution of judgments of courts of Oman within its territories; and
- the matter that has been arbitrated upon in the foreign jurisdiction is capable of being determined by arbitration under Omani law (Article 353).

In the event that the conditions of Articles 352 to 355 of the Oman Civil Procedure Law are not met by a foreign arbitral award, such foreign arbitral award may be of evidentiary value only in a full hearing before the courts of Oman and the matter may have to be litigated de novo before the courts of Oman.

Enforcement of Foreign Judgments in Oman

Foreign judgments may be enforced in Oman pursuant to: (i) treaty obligations; or (ii) the Oman Civil Procedure Law. The only treaties of note are the Gulf Cooperation Council ("**GCC**") Treaty for the Enforcement of Judgments, Judicial Delegation and Court Summons signed in 1996 (the "**AGCC Protocol**") and the Riyadh Convention.

Although Omani law provides for the enforcement of foreign judgments in Oman subject to the conditions set out in Articles 352 to 355 of the Oman Civil Procedure Law being met, neither the Trustee nor the Obligor is aware of a foreign (i.e. non Omani and non Arab GCC) judgment ever having been enforced in Oman. In the absence of the conditions set out in Articles 352 to 355 of the Oman Civil Procedure Law being met, an English or U.S. judgment against the Trustee and/or the Obligor would not be enforced by the courts of Oman without a re-examination of the merits and the English or U.S. judgment, as applicable, may be of evidential value only in any such proceedings filed before the Courts of Oman.

If any proceedings were brought in Oman (whether in connection with the enforcement of an English or U.S. judgment or otherwise), pursuant to the Civil Transactions Law (SD 29/3013) (the "**Civil Code**"), the courts of Oman would recognise and give effect to the choice of English law as the governing law, unless any provision of English law were considered to be contrary to a mandatory provision of Omani law, public order or morality or Islamic *Shari'a* principles.

If enforcement of the Trust Certificates were sought before the courts of Oman, it is difficult to forecast in advance with any degree of certainty how some of the provisions relating to the Trust Certificates would be interpreted and applied by those courts and whether all of the provisions of the Trust Certificates would be enforceable.

Oman is a civil law jurisdiction. Court judges enjoy much greater freedom to interpret agreements in any way which, in their opinion, correctly reflects the intention of the parties if the terms of the relevant agreement are ambiguous. The judge's interpretation can extend to amending the contract, if the judge feels that to do so would better reflect the original intention of the parties.

It is to be noted that no established system of precedent is adhered to by the courts of Oman although decisions of the Supreme Court of Oman should be persuasive. If enforcement of the Trust Certificates were sought before the courts in Oman, it is difficult to forecast in advance with any degree of certainty how some of the provisions relating to the Trust Certificates would be interpreted and applied by those courts and whether all of the provisions of the Trust Certificates would be enforceable.

FORWARD-LOOKING STATEMENTS

Some of the statements contained in this Base Prospectus constitute forward-looking statements. Statements that are not historical facts are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue", "could", "should", "would" or similar terminology. These statements are based on the Trustee's current plans, objectives, assumptions, estimates and projections. Investors should therefore not place undue reliance on those statements. Forward-looking statements speak only as of the date that they are made and the Trustee does not undertake to update any forward-looking statements in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. The Trustee cautions that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. In addition to the factors described in this Base Prospectus, including those discussed under "*Risk Factors*", the following factors, among others, could cause future results to differ materially from those expressed in any forward-looking statements made in this Base Prospectus:

- Oman's economy is significantly affected by volatility in international oil prices;
- Oman is located in a region that has been subject to ongoing political and security concerns;
- Oman's efforts to diversify its economy, decrease government spending and implement more extensive and higher rates of tax collection may not be successful;
- Oman's credit ratings may change and any ratings downgrade could adversely affect the value of Notes;
- Any future borrowing beyond sustainable levels could have a material adverse effect on Oman's economy and its ability to service its debt, including the Notes;
- Oman's economy and growth could be affected by Omani political considerations and succession planning risks;
- A global economic downturn, instability in international financial markets or other negative external economic shocks could have an adverse effect on Oman's economy;
- Oman's wholly-owned companies are not consolidated in its fiscal accounts and many of these companies are exposed to global economic trends;
- Investing in securities involving emerging markets countries, such as Oman, generally involves a higher degree of risk than investments in securities of issuers from more developed countries;
- Any adjustment to, or ending of, Oman's currency peg could negatively affect Oman;
- The statistical data contained in this Base Prospectus should be treated with caution by prospective investors;
- Information on oil and gas reserves is based on estimates that have not been reviewed by an independent consultant for the purposes of this offering;
- The extensive production, processing, storage and shipping of hydrocarbons in Oman subjects it to risks associated with hazardous materials; and
- The Oman legal system continues to develop, and this may create an uncertain environment for investment and business activity.

DOCUMENTS INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (a) the audited financial statements of Oman Sovereign Sukuk S.A.O.C. from the date of its incorporation to the financial year ended 31 December 2016 (including the independent auditor's audit report in respect thereof) (the "**Annual Financial Statements**").

The Annual Financial Statements have been published on the website of the Irish Stock Exchange plc and will be available for viewing at http://www.ise.ie/debt_documents/Annual%20Financial%20Statement_8bd36c81-e020-4491-81ed-a7377494844a.pdf.

Copies of the documents incorporated by reference in this Base Prospectus can be obtained from specified office of the Principal Paying Agent (at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB, United Kingdom).

Any information contained in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is included elsewhere in this Base Prospectus.

Such documents shall be incorporated in and form part of this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

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OVERVIEW OF THE PROGRAMME

The Offering

Words and expressions defined in the "*Terms and Conditions of the Trust Certificates*", (the "**Conditions**") shall have the same meanings in this overview.

Issuer, Trustee, Purchaser, Seller and Lessor:	Oman Sovereign Sukuk S.A.O.C. (registered in Oman with commercial registration number 1225873)
Obligor, Seller, Lessee, Buyer, Servicing Agent and the Government:	The Government of the Sultanate of Oman, represented by the Ministry of Finance (the " Government ").
Ownership of the Trustee:	Oman Sovereign Sukuk S.A.O.C. is an Omani closed joint stock company wholly owned by or on behalf of the Government.
Arrangers:	Citigroup Global Markets Limited HSBC Bank plc J.P. Morgan Securities plc Standard Chartered Bank
Dealers:	Alizz Islamic Bank SAOG Citigroup Global Markets Limited Dubai Islamic Bank P.J.S.C. Gulf International Bank B.S.C. HSBC Bank plc J.P. Morgan Securities plc Standard Chartered Bank and any other Dealers appointed in accordance with the Dealer Agreement
Delegate:	The Law Debenture Trust Corporation p.l.c.
Registrar:	Citigroup Global Markets Deutschland AG
Principal Paying Agent and Transfer Agent:	Citibank, N.A., London Branch.
Calculation Agent:	Citibank, N.A., London Branch (or such other institution specified in the applicable Final Terms).
Negative Pledge:	The terms of the Trust Certificates will contain a negative pledge provision, as further described under " <i>Negative Pledge</i> " in the Conditions.
Cross-default	In respect of the Government, the Trust Certificates will have the benefit of a cross-default provision, as described in sub-paragraph (c) of the definition of " <i>Government Event</i> " corresponding thereto (contained in the Conditions).
Status of the Trust Certificates:	Each Trust Certificate evidences an undivided ownership interest in the Trust Assets subject to the terms of the Trust Deed and the Conditions and is a limited recourse obligation of the Trustee. Each Trust Certificate ranks <i>pari passu</i> , without any preference or priority, with all other Trust Certificates. The payment obligations of the Government (acting in all its capacities) under the Transaction Documents are direct, unconditional and (subject to the negative pledge provisions

described in Condition 4.2) unsecured obligations of the Government and rank and (subject to the negative pledge provisions described in Condition 4.2) will rank *pari passu*, without any preference among themselves, with all Relevant Indebtedness of the Government, from time to time outstanding, **provided, further, that** the Government shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other Relevant Indebtedness and, in particular, shall have no obligation to pay other Relevant Indebtedness at the same time or as a condition of paying sums due on the Trust Certificates and *vice versa*.

Meetings of Certificateholders:

The Conditions contain a "collective action" clause which permits defined majorities to bind all Certificateholders.

If the Trustee issues future securities which contain collective action clauses in substantially the same form as the collective action clause in the Conditions, the Trust Certificates would be capable of aggregation with any such future securities. See *"Risk Factors — Risk factors relating to the Trust Certificates — The Conditions contain a "collective action" clause under which the terms of any one Series of Trust Certificates or multiple Series of Trust Certificates may be amended, modified or waived without the consent of all Certificateholders"*.

Further Issues:

The Trustee may from time to time, without notice or the consent of Certificateholders, issue additional securities which may form a single series with the outstanding Trust Certificates, subject to certain conditions set out in *"Further Issues"* in the Conditions.

On the relevant Issue Date of any additional Tranche of Trust Certificates issued in accordance with the provisions described above, the Government (in its capacity as seller) and the Trustee (in its capacity as purchaser) will enter into a Supplemental Purchase Agreement for the sale, transfer and conveyance of the relevant assets described in the schedule thereto (the **"Additional Asset(s)"**). The Trustee will execute a Declaration of Commingling of Assets for and on behalf of the holders of the relevant existing Trust Certificates and the holders of such additional Trust Certificates so created and issued, declaring that the relevant Additional Asset(s) and the Relevant Lease Asset(s) in respect of the relevant Series as in existence immediately prior to the creation and issue of the additional Trust Certificates is/are commingled and shall collectively comprise part of the Trust Assets for the benefit of the holders of such existing Trust Certificates and the holders of such additional Trust Certificates.

Use of Proceeds:

The net proceeds of each Tranche of Trust Certificates issued under the Programme will be paid by the Trustee (in its capacity as purchaser) on the Issue Date to or to the order of the Government (in its capacity as seller) as the purchase price for: (i) in relation to the first Tranche of each Series, the assets described in the Schedule to the relevant Supplemental Purchase Agreement (the **"Asset(s)"**); or (ii) in relation to any additional Tranche of Trust Certificates issued pursuant to *"Further Issues"* in the Conditions, the Additional Asset(s), in each case, pursuant to the relevant Purchase Agreement (and

as defined therein).

Risk Factors:	There are certain factors that may affect the Trustee's and Government's ability to fulfil its obligations under the Trust Certificates. See " <i>Risk Factors</i> ".
Programme Size:	The Programme size is unlimited, subject to the annual state budget, any other statutory or other budgetary limitations on incurring indebtedness imposed from time to time and compliance with all statutory and other approvals required in connection with the issuance of Trust Certificates under the Programme or otherwise.
Issuance in Series:	Trust Certificates will be issued in Series. Each Series may comprise one or more Tranches issued on different Issue Dates. The Trust Certificates of each Series will have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of Periodic Distribution Amounts thereon and the date from which Periodic Distribution Amounts start to accrue.
Distribution:	Trust Certificates may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, any currency agreed between the Trustee, the Government and the relevant Dealer(s).
Maturities:	The Trust Certificates will have such maturities as may be agreed between the Trustee, the Government 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 Trustee, the Government or the relevant Specified Currency.
Denominations:	The Trust Certificates will be issued in such denominations as may be agreed between the Trustee, the Government and the relevant Dealer(s), save that: (i) the minimum denomination of each Trust Certificate will be such amount 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 Specified Currency; (ii) the minimum denomination of each Trust Certificate admitted to trading on a regulated market within the European Economic Area or offered to the public in an EU Member State, in circumstances which require the publication of a prospectus under the Prospectus Directive, will be at least €100,000 (or, if the Trust Certificates are denominated in a currency other than euro, the equivalent amount in such currency, as calculated on the date of issue of the Trust Certificates (the " Issue Date " of the relevant Tranche); and (iii) unless otherwise permitted by such current laws and regulations, Trust Certificates (including Trust Certificates 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 Trustee in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA will have a minimum denomination of £100,000 (or, if the Trust

Certificates are denominated in a currency other than sterling, the equivalent amount in such currency, as calculated on the Issue Date of the relevant Tranche).

Issue Price:	Trust Certificates may be issued at any price on a fully paid basis, as specified in the applicable Final Terms. The price and amount of Trust Certificates to be issued under the Programme will be determined by the Trustee, the Government and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
Form of Trust Certificates:	The Trust Certificates will be issued in registered form as described in " <i>Form of the Trust Certificates</i> ".
Clearing Systems:	Certificateholders must hold their interest in the relevant Global Trust Certificate in book-entry form through Euroclear and/or Clearstream, Luxembourg and/or DTC and in relation to any Series, such other clearing system in which the relevant Global Trust Certificate is held. Transfers within and between each of Euroclear or Clearstream, Luxembourg and/or DTC will be in accordance with the usual rules and operating procedures of the relevant clearing system.
Periodic Distributions:	Certificateholders are entitled to receive Periodic Distribution Amounts calculated on the basis specified in the applicable Final Terms.
Redemption of Trust Certificates on Scheduled Dissolution Date:	Trust Certificates shall be redeemed on the Scheduled Dissolution Date at the relevant Final Dissolution Amount specified in the applicable Final Terms.
Optional Dissolution:	If so specified in the applicable Final Terms, a Series of Trust Certificates may be redeemed prior to its Scheduled Dissolution Date at the Optional Dissolution (Call) Amount, or the Clean Up Call Dissolution Amount, as applicable, in the circumstances set out in " <i>Terms and Conditions of the Trust Certificates — Dissolution at the Option of the Government (Optional Dissolution Call Right)</i> " or " <i>Terms and Conditions of the Trust Certificates — Dissolution at the Option of the Government (Clean Up Call Right)</i> ", as applicable.
Dissolution Events:	Upon the occurrence of any Dissolution Event, the Trust Certificates may be redeemed on the Dissolution Event Redemption Date at the Dissolution Event Amount, as described in " <i>Terms and Conditions of the Trust Certificates – Dissolution Events</i> ".
Certificateholder Put Right:	If so specified in the applicable Final Terms, Certificateholders may, in the circumstances set out in " <i>Terms and Conditions of the Trust Certificates – Dissolution at the Option of the Certificateholders</i> " elect to redeem their Trust Certificates on any Certificateholder Put Right Date(s), provided that such date is a Periodic Distribution Date, unless otherwise specified in the applicable Final Terms at the applicable Optional Dissolution Amount (Put) specified in, or determined in the manner specified in, the applicable Final Terms together with all accrued and unpaid Periodic Distribution Amounts in accordance with Condition 11.4.

Total Loss Event:

Save where the Relevant Lease Asset(s) is/are replaced in accordance with the Servicing Agency Agreement by no later than the 30th day after the occurrence of a Total Loss Event, the occurrence of a Total Loss Event will result in the redemption of the Trust Certificates of that Series and the consequent dissolution of the relevant Trust no later than the 31st day after the occurrence of such Total Loss Event (being the Total Loss Dissolution Date).

If a Total Loss Event occurs the Servicing Agent shall be responsible for ensuring that all proceeds of Insurances in respect thereof (if any) are each paid in the Specified Currency directly into the Transaction Account by no later than the 30th day after the occurrence of the Total Loss Event.

If a Total Loss Event occurs and the Relevant Lease Asset(s) is/are not replaced as discussed above, and the amount of the proceeds of Insurances (if any) credited to the Transaction Account is less than the Full Reinstatement Value (the difference between the Full Reinstatement Value and the amount credited to the Transaction Account being the "**Total Loss Shortfall Amount**"), the Servicing Agent shall be responsible for paying the Total Loss Shortfall Amount directly into the Transaction Account by no later than close of business in London on the 30th day after the Total Loss Event has occurred, such that the amount standing to the credit of the Transaction Account on the Total Loss Dissolution Date represents the aggregate of the proceeds of Insurances payable in respect of a Total Loss Event (if any) and the Total Loss Shortfall Amount payable by the Servicing Agent in accordance with the terms of the Servicing Agency Agreement.

Rental payments under the Lease Agreement and, therefore, Periodic Distribution Amounts, shall cease to accrue with effect from the date on which a Total Loss Event occurs, and no additional rental payment shall be made in respect of the period between the date on which the Total Loss Event occurred and the Total Loss Dissolution Date

Cancellation of Trust Certificates held by the Trustee, the Government and/or any other public sector instrumentality:

The Trustee, the Government of the Sultanate of Oman, the Ministry of Finance and/or any other public sector instrumentality of the Government of the Sultanate of Oman (as defined in "*Terms and Conditions of the Trust Certificates – Meetings of Certificateholders; Written Resolutions*") may at any time purchase Trust Certificates at any price in the open market or otherwise. Following any purchase of Trust Certificates, the Trustee, the Government of the Sultanate of Oman, the Ministry of Finance and/or any other public sector instrumentality of the Government of the Sultanate of Oman, as the case may be, may at its option hold or resell such Trust Certificates.

Should the Government wish to cancel any Trust Certificates so purchased, it shall deliver a Cancellation Notice to the Trustee (in accordance with the Sale and Substitution Undertaking) whereupon the Trustee shall, in accordance with the terms of the Sale and Substitution Undertaking, be obliged to transfer all of the Trustee's rights, title and interests in, to and under the Cancelled Lease Asset(s) to the Government in consideration for which the relevant Trust Certificates shall be

cancelled.

The transfer of the Cancelled Lease Asset(s) will take effect by the Government (as purchaser) and the Trustee (as seller) entering into a Sale Agreement (in the form scheduled to the Sale and Substitution Undertaking). Following the entry into such Sale Agreement, the Trustee shall forthwith surrender to the Registrar the relevant Trust Certificates identified for cancellation in the Cancellation Notice on the Cancellation Date.

Substitution of Lease Asset(s):

Pursuant to the Sale and Substitution Undertaking, the Government may, at any time, exercise its right to require the Trustee to substitute on any Substitution Date some or all of the Relevant Lease Asset(s) with New Asset(s) (as specified in the relevant Substitution Notice, and each as defined in the Sale and Substitution Undertaking) having a value which is equal to or greater than the value of the Relevant Lease Asset(s) being substituted.

Withholding Tax:

All payments by the Government (in its capacity as lessee) under a Lease Agreement shall be made in the Specified Currency without set-off or counterclaim of any kind and free and clear of, and without withholding or deduction for, any Taxes of whatever nature imposed, levied, collected, withheld or assessed by or within the Relevant Jurisdiction unless the withholding or deduction is required by law. In that event, the Government (as lessee) shall be required to pay such additional amounts as will result in the receipt by the Trustee (as lessor) of such amounts as would have been received by it, had no such deduction or withholding been required.

All payments in respect of Trust Certificates shall be made in the Specified Currency without set-off or counterclaim of any kind and free and clear of, and without withholding or deduction for, any Taxes of whatever nature imposed, levied, collected, withheld or assessed by or within the Relevant Jurisdiction, unless the withholding or deduction is required by law. For further information, see "*Public Finance – Taxation – Withholding Tax*". In that event, the Trustee shall, save in the limited circumstances provided in "*Terms and Conditions of the Trust Certificates – Taxation*", be required to pay such additional amounts as will result in the receipt by the Certificateholders of such amounts as would have been received by them, had no such withholding or deduction been required.

Ratings:

The Programme has been rated BBB by Fitch and Baa1 by Moody's.

Oman has been assigned a long-term and local currency sovereign credit rating of BB+ by S&P with a negative outlook, a long-term issuer rating of Baa1 by Moody's with a stable outlook and a long-term issuer rating of BBB by Fitch with a stable outlook.

The ratings assigned to each Series of Trust Certificates to be issued under the Programme will be specified in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold the Trust Certificates (or beneficial interests therein) and may be subject to revision, suspension or

withdrawal at any time by the assigning rating organisation. Whether or not each credit rating applied for in relation to the relevant Series of Trust Certificates will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) will be disclosed in the applicable Final Terms.

Listing and admission to trading:

Application will be made to the Irish Stock Exchange plc for each Series of the Trust Certificates issued under the Programme to be admitted to the Official List and to trading on the Main Securities Market or as otherwise specified in the applicable Final Terms and references to listing shall be construed accordingly. As specified in the applicable Final Terms, a Series of Trust Certificates may be unlisted.

Listing Agent

Walkers Listing Services Limited.

Governing Law and Jurisdiction:

The Trust Certificates will be governed by, and construed in accordance with, English law.

The Master Trust Deed, each Supplemental Trust Deed, the Dealer Agreement, each Subscription Agreement, the Agency Agreement, the Servicing Agency Agreement, the Purchase Undertaking and the Sale and Substitution Undertaking will be governed by English law. In respect of any dispute under any such Transaction Document to which it is a party, the Government has consented to arbitration in London under the rules of arbitration of the LCIA (with the seat in London).

The Master Purchase Agreement, each Supplemental Purchase Agreement, the Master Lease Agreement, each Supplemental Lease Agreement and each Sale Agreement will be governed by the laws of the Sultanate of Oman. The Government has consented to arbitration in London under the rules of arbitration of the LCIA (with the seat in London).

Waiver of Immunity:

Each of the Government and the Trustee irrevocably and unconditionally agrees to waive all immunity it or its assets or revenues may otherwise have in any jurisdiction. Each of the Government and the Trustee irrevocably and unconditionally waives such immunity and/or the claim of immunity in respect of:

- (i) the giving of any relief or the issue of any process, including without limitation, by way of injunction or order for specific performance or for the recovery of assets or revenues or damages or otherwise; and
- (ii) the issue of any process including, without limitation, the making, enforcement or execution against its property, assets or revenues (irrespective of its use or intended use) for the enforcement of a judgment made or given in respect of any proceedings, or in action *in rem*, for the arrest, detention or sale of any property, assets and revenues,

provided that nothing shall prevent the Government or the Trustee from claiming immunity in respect of (a) pre-judgment attachment or any analogous proceedings; or (b) enforcement proceedings, which seek to execute against non-commercial (or public) assets of the Government or the

Trustee.

"Commercial assets" are those assets of the Government or the Trustee which are not deemed to be public assets of the Government or the Trustee pursuant to Omani law and which include those assets for the time being in use or intended for use for the purpose of, without limitation, the following transactions or activities:

- (a) any contract for the supply of goods and services and deposits or revenues therefrom;
- (b) any loan or other transaction for the provision of finance and any indemnity or guarantee relating thereto or of any other financial obligation entered into by the Government or the Trustee; and
- (c) any other transaction or activity of any commercial nature entered into or engaged in by the Government or the Trustee,

provided, however, that assets which can be characterised as: (A) "premises of the mission" as such term is defined in the Vienna Convention on Diplomatic Relations signed in 1961, or "consular premises" as such term is defined in the Vienna Convention on Consular Relations signed in 1963; (B) military or defence assets of the Sultanate of Oman for military or defence use by the Sultanate of Oman; or (C) assets used for public or governmental services (as opposed to commercial use) by the Sultanate of Oman, shall not, in any circumstances, constitute commercial assets.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Trust Certificates in the United States, the European Economic Area, the United Kingdom, the Sultanate of Oman, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Qatar (including the Qatar Financial Centre), the State of Kuwait, the United Arab Emirates (excluding the DIFC) Dubai International Financial Centre, Hong Kong and Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Trust Certificates, see "*Subscription and Sale*" and "*Transfer Restrictions*" below.

United States Selling Restrictions:

There are restrictions on the transfer of the Trust Certificates sold pursuant to Regulation S, Category 2 and Rule 144A. See "*Subscription and Sale*" and "*Transfer Restrictions*" below.

RISK FACTORS

An investment in the Trust Certificates involves risks. Accordingly, prospective investors should carefully consider, amongst other things, the risks described below, as well as the detailed information set out elsewhere in this Base Prospectus, and reach their own views before making an investment decision. The risks and uncertainties described below are not the only risks and uncertainties related to the Trustee, the Government and the Trust Certificates. Additional risks and uncertainties not presently known, or currently believed to be immaterial, could also impair the ability to make payments on the Trust Certificates. If any of the following risks actually materialise, the financial condition and prospects of the Trustee and/or the Government could be materially adversely affected. If that were to happen, the trading price of the Trust Certificates could decline and the Trustee may be unable to make payments due on the Trust Certificates, and investors may lose all or part of their investment. 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. Words and expression defined elsewhere in this Base Prospectus (including in the Terms and Conditions) shall have the same meanings in this section.

Risk factors relating to the Trustee

The Trustee has no material assets

The Trustee is a closed joint stock company organised and established under the laws of Oman on 13 August 2015. The Trustee will not engage in any business activity other than the issuance of Certificates, the acquisition of the Trust Assets (as defined herein) and other activities incidental or related to the foregoing as required under the Transaction Documents.

The Trustee will have no material assets other than its rights and entitlements in and to the Trust Assets and it will hold the Trust Assets as agent for and on behalf of the Certificateholders. The Trustee's principal source of funds will be the amounts generated by the Relevant Lease Asset(s), including its right to receive payments from the Lessee under the Lease Agreement and payments from the Obligor under the Purchase Undertaking (each as defined herein)

The Trustee will depend on receipt of payments from the Lessee to make payments to Certificateholders

The ability of the Trustee to make payments under the Trust Certificates is dependent on the payment by the Government (in its capacity as Lessee and Obligor) of amounts owed by it under the Lease Agreement and under the Purchase Undertaking, which, in the aggregate may not be sufficient to meet all claims under the relevant Certificates and the Transaction Documents. Failure by the Government (in whatever capacity) to make any payment required by it may result in insufficient funds being available to the Trustee in order to make payments under the Trust Certificates and Transaction Documents. The Trustee will, therefore, be subject to all the risks to which the Government is subject to the extent that such risks could limit the Government's ability to satisfy in full and on timely basis its obligations under the Trust Certificates and the Transaction Documents. Certificateholders should, therefore, carefully review the sections related to the Government herein (see "*Risk factors relating to the Government*", "*Overview of Oman*" and "*The Economy of Oman*").

Risk factors relating to the Government

Oman's economy is significantly affected by volatility in international oil prices

Oman's economy is significantly impacted by international oil prices. The hydrocarbon sector accounted for 27.4 per cent. of Oman's GDP at current market prices for the year ended 31 December 2016 as compared to 34.1 per cent. of Oman's GDP at current market prices for the year ended 31 December 2015 as compared to 47.2 per cent. for the year ended 31 December 2014. This decrease was primarily the result of the sustained period of low world oil prices which commenced in the middle of 2014. Oman's economy has in the past been, and currently is being, adversely affected by periods of low international oil prices.

Oil prices fell steadily from a monthly average of U.S.\$104.99 per barrel of Dubai Mercantile Exchange's Oman Crude Oil Futures Contract ("**DME Oman**") crude oil in June 2014 to U.S.\$55.09 per barrel in May 2015. Prices then recovered briefly, reaching a monthly average of U.S.\$63.62 in July 2015 before falling to a further low of U.S.\$27.40 in March 2016. In December 2016 and April 2017, the monthly

average price per barrel of DME Oman oil was U.S.\$40 and U.S.\$52, respectively. DME Oman crude oil is Oman's principal oil export.

This sustained period of low crude oil prices has affected, and in 2017 (assuming that crude oil prices remain low for much of the year) can be expected to continue to affect, Oman in a number of ways:

- Oman's nominal GDP was adversely affected in 2015 and 2016 and is likely to be adversely effected in 2017, reflecting the significant contributions of the oil and gas sector to Oman's GDP. In 2015, Oman's nominal GDP declined by 14.1 per cent. compared to 2014, principally driven by lower oil and gas prices. Real GDP increased by 3.6 per cent. compared to 2014. In 2016, Oman's nominal GDP declined by 5.1 per cent. compared to 2015.
- Oman's trade balance fell from surpluses of OMR 8,495.9 million in 2013 and OMR 9,328.4 million in 2014 to a surplus of OMR 2,566.7 million in 2015, principally as a result of the reduced value of oil and gas exports. For the eleven months ended 30 November 2016, the trade balance stood at a surplus of OMR 1,227.3 million. Oil and gas exports made up approximately 30 per cent. of nominal GDP in 2015 and 22.5 per cent. of nominal GDP in 2016 (on an annualised basis).
- Oman's fiscal balance, which depends principally on oil and gas revenues, had a surplus of OMR 986.7 million in 2013 and became a deficit of OMR 586.9 million in 2014, a deficit of OMR 4,169.7 million in 2015 and a deficit of OMR 5,219.1 million as at 31 December 2016. Oman's budget for 2016 showed a deficit of OMR 2,668.8 million based on an assumed oil price of U.S.\$45 per barrel of DME Oman. The actual oil prices achieved over the year was on average lower than U.S.\$45 per barrel, and through 31 December 2016, the average realized oil price was U.S.\$40 per barrel, which, together with higher than budgeted expenditures due, in large part, to Oman's unwillingness to halt already committed and in progress infrastructure projects, has resulted in a higher fiscal deficit and increased funding requirements than budgeted for. The Government of Oman's break-even price of oil was approximately U.S.\$75 in 2016 and is budgeted to be U.S.\$74 in 2017. Oman's budget for 2017 shows a deficit of OMR 2,997.8 million based on an assumed oil price of U.S.\$45 per barrel of DME Oman. However, actual oil prices may once again fall below the assumed average price, which could result in a higher fiscal deficit and increased funding requirements than budgeted for.

Prospective investors should be aware that the above analysis does not take into account the indirect impact of low oil prices on Oman's economy, which is difficult to quantify with any precision. Potential investors should note that many of Oman's other economic sectors are in part dependent on the oil and gas sector. For example, the government has reduced, and may continue to reduce, government expenditures in light of the budgetary pressures caused by low or falling oil prices. Large government fiscal deficits, which are likely to result in a weakened net asset position, larger external financing needs and/or continued lower government spending, could impact many sectors of the economy, including, in particular, the construction sector, to the extent that large building projects are delayed or cancelled. In addition, ancillary industrial activities related to oil and gas exploration production are also negatively affected by low oil prices. Furthermore, sectors that are dependent on household consumption, including education, transport and housing, may be adversely affected by lower levels of economic activity that may result from lower government revenue from oil and gas production.

The banking sector has seen an increase in non-performing loans from 1.6 per cent. as of 31 December 2015 to 2.0 per cent. as of 31 December 2016, which can be attributed to a variety of factors and could continue to see further increases as a result of low oil prices, though the impact has not yet, and is not expected to, materially affect banks' credit profiles. Low oil prices were also seen as contributing to tightening liquidity across the banking sector in the GCC, including Oman, over the course of 2015 and 2016. Separately, the Central Bank of Oman has warned in the past that banks' concentration to the real estate sector in Oman could be a potential source of vulnerability; additionally, a move in April to allow local banks to count government debt towards their reserve requirements could lead to increased linkages between the banking sector and the sovereign. The bank sector overall is healthy and seen as a credit strength of the sovereign, but an unexpected deterioration in the future could lead to a weakening in the sovereign credit profile.

While Oman has in the past increased oil exports in periods of prolonged down-turns in the oil price and retains some capacity to do so in the short and medium term, as Oman's fields are generally considered to

be fairly mature, such a solution may not prove viable if oil prices were to continue to be depressed for a prolonged period. Furthermore, in January 2017, Oman began to reduce oil production by 5 per cent. (or approximately 45,000 barrels) in line with commitments agreed upon at the December 2016 OPEC meeting in Vienna, Austria. This reduction is still ongoing as of the date of this Prospectus. In addition, future growth in reserves is generally expected to be limited to successful implementation of enhanced oil recovery techniques. As a result, if there is any failure to make use of such techniques, or if such techniques prove excessively costly (particularly in the context of low oil prices) or fail to help grow oil and gas reserves, a long-term slowdown in oil production may become more likely.

Oman is located in a region that has been subject to ongoing political and security concerns

Although Oman generally enjoys domestic political stability and healthy international relations, Oman is located in a region that is strategically important and parts of this region have experienced political instability. This political instability has included regional wars, such as the Gulf War of 1991, the Iraq War of 2003, the 2006 conflict in Lebanon and the 2014 conflict in Gaza, tensions between and among the United States, Israel, Syria and Iran, terrorist acts, maritime piracy and civil revolutions. Since early 2011 there has been political unrest in a range of countries in the Middle East and North Africa ("MENA") region, including Algeria, Bahrain, Egypt, Iraq, Libya, Morocco, Saudi Arabia, Syria, Tunisia, and Yemen. This unrest in the region has ranged from public demonstrations to, in extreme cases, armed conflict and civil war and has given rise to a number of changes in government in some countries as a result of civil unrest and increased political uncertainty across the region. The MENA region is currently subject to a number of armed conflicts including those in Yemen (with which Oman shares a border), Syria, Iraq and Palestine as well as the multinational conflict with the sub-state terrorist group known as the Islamic State. It is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact that such events and circumstances might have on Oman.

Oman is, and will continue to be, affected by political developments in or affecting the MENA region and investors' reactions to developments in any country in the MENA region may affect the securities of issuers in other markets within the region, including Oman. Although Oman has not experienced significant terrorist attacks such as those experienced by a number of countries in the MENA region, including Egypt, there can be no assurance that extremists or terrorist groups will not initiate violent activity in Oman. Any terrorist incidents in or affecting Oman or increased regional geopolitical instability (whether or not directly involving Oman) may have a material adverse effect on Oman's attractiveness for foreign investment and capital, its ability to engage in international trade, its tourist industry and, consequently, its economic, balance of payment and fiscal positions.

Oman is also dependent on expatriate labour (ranging from unskilled labourers to highly skilled professionals in a range of industry sectors) and has made significant efforts in recent years to attract high volumes of foreign businesses and tourists to Oman. Foreign businesses, tourists and, to a lesser extent, expatriate workers are more sensitive to political instability in a country and more ready to shift their activities to alternate countries that are not experiencing such instability. If Oman were to be impacted by the on-going regional instability or if terrorist incidents were to occur in Oman, its economy and, in particular, its efforts to diversify its economy could be adversely affected, which, in turn, could have a material adverse impact on Oman's ability to perform its obligations under the Trust Certificates.

Furthermore, other world events could have an impact on Oman's political and security situation. On 20 January 2017, Donald J. Trump was inaugurated as the 45th President of the United States (the "**President**"). Oman pursues an independent foreign policy with the aim of fostering good relations with its neighbours as well as other countries, in particular, the United States. For example, in 2006, Oman and the United States entered into a free trade agreement that came into force in 2009, and also cooperate on a range of military and environmental matters. However, President Trump's foreign policy objectives have remained somewhat opaque making his stance towards a continuing relationship with Oman unclear. While President Trump has stated that he intends to pursue a non-interventionalist agenda that would increasingly focus U.S. investment on domestic matters, he has also advocated for expanding oil drilling operations and pledged support of American troops being deployed in the MENA region to confront the Islamic State. Although Oman aims to maintain the existing cordial relationship with the United States, a shift in the relationship between Oman and the United States or changing U.S. political priorities in the region could have a material adverse effect on Oman's economic, political or financial condition, which, in turn could have a material adverse effect on Oman's ability to perform its obligations under the Trust Certificates.

Oman's efforts to diversify its economy, decrease government spending and implement more extensive and higher rates of tax collection may not be successful

Oman's economy is dependent on the oil and gas industry, which in 2015 and 2016 accounted for 34.1 per cent. and 27.4 per cent., respectively, of Oman's GDP and 82.1 per cent. and 71.4 per cent., respectively, of government revenues. Oman's crude reserves as at the end of 2015 were estimated to allow for 15 years of output at 2015 production levels and were estimated to be 5.4 billion barrels as of 31 December 2016. Furthermore, if current or recent low oil prices are sustained for an extended period of time, Oman may have to cancel or scale back planned or future development of oil and gas production, especially where production assumptions require more challenging methodology or technological constraints for the extraction of "tight" oil or gas, which in turn would lead to actual, extractable reserves being less than current estimates. The government has a long-term strategy of diversifying Oman's economy away from its reliance on oil as the single major revenue source towards a more diverse economy. See "*Overview of Oman—History and Development*" and "*The Economy of Oman—Vision 2020, Vision 2040 and Five Year Plans*". However, there can be no assurance that Oman's efforts to diversify its economy and reduce its dependence on oil will be successful. In particular, Oman's attempts to diversify may mean that it undertakes projects in areas in which it has little or no previous experience or for which there are significant economic risks. In addition, its ability to engage in large-scale infrastructure projects and other large expenditures that support its diversification efforts could be reduced, or the projects themselves made economically unfeasible by reduced oil prices. For example, delays in, or cancellation of, the development of the oil refinery and the numerous related non-petroleum projects at the Special Economic Zone in Duqm, resulting from economic difficulties caused by very low oil prices or for any other reason, could have a significant effect on the Omani economy.

In addition, efforts to reduce government expenditure beyond current planned reduction levels may become more difficult, and even current planned reduction levels may not be achieved. Moreover, past and future reductions may not be sustainable as cuts to health, education and other social benefits could lead to social unrest if such reductions are too significant or happen too fast. Similarly, measures to increase non-oil and gas revenues, such as the increases in, and imposition of new, taxes and administrative fees, may not be successful and too could lead to public discontent and/or social unrest.

If Oman is unable to diversify its economy, decrease government spending and implement more extensive and higher rates of tax collection, its economy could be adversely affected, which, in turn, could have a material adverse impact on Oman's ability to perform its obligations under the Trust Certificates.

Oman's credit ratings may change and any ratings downgrade could adversely affect the value of Certificates

In May 2017, S&P downgraded Oman's long-term foreign and local currency sovereign credit rating to BB+ from BBB-, with a negative outlook.

In May 2016, Moody's downgraded Oman's long-term issuer rating to Baa1 from A3, with a stable outlook.

In January 2017, Fitch for the first time published Oman's long-term rating at BBB, with a stable outlook.

Any future downgrade or withdrawal at any time of a credit rating assigned to Oman by any rating agency could have a material adverse effect on its cost of borrowing and could limit its access to debt capital markets. A downgrade may also adversely affect the market price of the Trust Certificates and cause trading in the Trust Certificates to be volatile. Furthermore, a downgrade may also have the indirect effect on Oman's ability to raise financing at attractive levels, which in turn may put greater pressure on the Government in such cases or on the ability of state-owned entities to raise financing at attractive levels, or at all, which in turn could lead such entities to request additional financing support from the Government.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Ratings may not reflect the potential impact of all risks related to structure, market, the risk factors discussed in this section and others that may affect the value of the Trust Certificates.

Oman cannot be certain that a credit rating will remain for any given period of time or that a credit rating will not be downgraded or withdrawn entirely by the relevant rating agency if, in its judgment, circumstances in the future so warrant.

Any future borrowing beyond sustainable levels could have a material adverse effect on Oman's economy and its ability to service its debt, including the Trust Certificates

Oman's total public debt as at 31 March 2017 and 31 December 2016 amounted to OMR 9,667.1 and OMR 7,597.7 million, respectively, comprising external debt of OMR 6,907.1 million and OMR 5,161.7 million, respectively, and domestic debt of OMR 2,760.0 million and OMR 2,436.0 million, respectively. See *"Indebtedness — Debt of the Government of Omani"*. Oman had a debt to GDP ratio of approximately 29.8 per cent. at 31 December 2016 and believes that it has headroom to increase its non-concessional borrowings without affecting debt sustainability. As a result and in recognition of current and anticipated future economic conditions, in particular the impact of the recent reduced price of oil, Oman has extensively considered various scenarios for sustaining socially acceptable minimum levels of public spending that all contemplate material increases in overall debt levels though the exact timing, nature and cost of such increases remains at Oman's discretion and subject to market conditions generally. In particular, in 2017 and 2018, Oman expects that it will have substantial financing needs as a result of ongoing low oil prices, in anticipation of which Oman is pursuing a diversified and comprehensive funding plan to cover such financing needs. These financing needs are expected to be covered by limited recourse to domestic funding sources (Government Development Bonds ("**GDBs**") and Sovereign Sukuk ("**Sukuk**")), with the substantially larger portion covered by recourse to external sources such as international conventional Eurobonds, Sukuk, and bilateral loans. There can be no guarantee that such substantial financing will not also be required beyond 2018.

Any significant future non-concessional borrowings, including the further issuance of domestic debt or the issuance of external debt on the international capital markets, or pressure on Oman to support state-owned enterprise borrowings could increase the risk of default on Oman's external debt and a failure to carefully manage its debt strategy could result in unsustainable debt levels which could materially adversely affect Oman's ability to perform its obligations under the Trust Certificates.

Furthermore, in certain circumstances, further debt incurrences could be secured by or procured with the forward sale of certain assets. A pre-export oil financing for U.S.\$4 billion was secured by PDO in July 2016.

Additionally, Oman benefits from a U.S.\$10 billion development fund with contributions to be made by four of the non-donor GCC member states, with each contribution negotiated bilaterally between Oman and the donor who will fund a given project (the "**GCC Development Fund**") (see *"Public Finances – Grants from Other Countries"*), which is intended to stimulate economic growth and is expected to be used in furtherance of development goals. Any adverse change in the amount or rate at which funding is deployed could have an adverse effect on Oman's growth prospects or further increase Oman's budget deficit if Oman is required to turn to other funding sources to meet its development and other requirements.

Oman's annual budget is approved by Sultani Decree each year (please see *"Public Finances"*) and accordingly, the Government will be subject to statutory and other budgetary limitations on incurring indebtedness and compliance with all statutory and other approvals must be observed in relation to both the Government and the Trustee, which may accordingly limit the ability of the Government and the Issuer to effect a potential issuance of any Trust Certificates under the Programme (despite the Programme being unlimited in nature).

Oman's economy and growth could be affected by Omani political considerations and succession planning risks

His Majesty Sultan Qaboos bin Said Al Said, who is 76 years old, has ruled Oman since 1970. His Majesty has been critical in leading the modernisation and advancement of Oman, with a focus on widespread economic and political reform, which has resulted in significantly increased stability and economic growth in the country. There can be no assurance, however, that such stability and growth will continue under the leadership of any successor. Moreover, the likely commitment of any successor to continuing the current policies of the government is uncertain.

In addition, His Majesty Sultan Qaboos has not designated a successor nor indicated who the potential successors might be. While there is a clear process in place for determining a successor (see "*Overview of Oman—Government Organisation and Political Background*"), this process is untested and there can be no guarantee that it will work as planned or that any change in leadership would occur without any level of civil unrest.

There can be no assurance that a change in the political leadership or priorities within Oman or uncertainty regarding the succession process would not result in a material adverse effect on the economy and growth of Oman.

A global economic downturn, instability in international financial markets or other negative external economic shocks could have an adverse effect on Oman's economy

The global recession and financial crisis in 2008 and 2009 negatively impacted Oman, particularly through the resulting fluctuations in oil prices and increased investor aversion to risk. Oman's economy is vulnerable to external shocks, such as those which have previously been caused, and may in the future be caused, by global financial market instability or contractions and/or material adverse movements in commodity prices (See "*Risk factors relating to the Government – Oman's economy is significantly affected by volatility in international oil prices*"). If a negative external shock were to occur, particularly on a global level or to one or more of Oman's primary export markets, such as China, demand for Omani oil and other products could decrease, which would in turn put pressure on Oman's balance of payments and foreign currency reserves. Further, foreign governments or organizations like the GCC could face constrained financial conditions themselves which could lead to a reduction in the overall amount of grants that they would be willing or able to provide to Oman. The occurrence of any of these events as a result of a negative external shock such as a global economic downturn or financial instability could have a material adverse impact on Oman's economy, which may, in turn, have a material adverse effect on Oman's ability to perform its obligations under the Trust Certificates.

Oman's wholly-owned companies are not consolidated in its fiscal accounts and many of these companies are exposed to global economic trends

With the exception of the inclusion of the State General Reserve Fund ("**SGRF**"), the Petroleum Reserve Fund ("**Petroleum Reserve Fund**"), the Oman Investment Fund ("**OIF**") and the Infrastructure Project Finance Account ("**IPF**") as non-tax revenue for the purposes of the IMF budget (although they are not included for the preparation of the State General Budget or any calculation related to the resulting deficit or financing thereof), the activities of the government's wholly-owned companies are not recorded in its budget. Many of these companies are exposed to global economic trends generally and to economic volatility within Oman. Global economic trends including, but not limited to, volatility in asset prices and financial markets and volatility in commodity prices (both hydrocarbon and non-hydrocarbon), may impact the asset values, revenues and results of these companies. For example, Oman Air SAOC, which is a wholly-owned (99.9%) subsidiary of the Government of Oman, experienced losses in 2016 and is expected to require government funding support through 2020. If and to the extent that this results in increased funding being required by any of these companies or reduces the funds available to the government, it could have a significant negative impact on the government's fiscal balance.

Investing in securities involving emerging markets countries, such as Oman, generally involves a higher degree of risk than investments in securities of issuers from more developed countries

Investing in securities involving emerging markets countries, such as Oman, generally involves a higher degree of risk than investments in securities of issuers from more developed countries. In the case of Oman, these higher risks include those discussed herein as well as higher volatility and limited liquidity in its markets, limited export diversification, dependency on imports, a heightened risk of sudden changes in the legal, economic and political environment, instability in neighbouring countries, a heightened risk of business dealings in jurisdictions with operating risks relating to fraud, bribery and corruption, reliance on concessionary funding and budget deficits and lack of adequate infrastructure necessary to accelerate economic growth.

In addition, there can be no assurance that the market for securities bearing emerging market risk, such as the Trust Certificates, will not be affected negatively by events elsewhere, especially in emerging markets. International investors' reactions to events occurring in one emerging market country or region sometimes appear to demonstrate a "contagion" effect, in which an entire region or class of investment is

disfavoured by such investors. If such a "contagion" effect were to occur, the trading price of the Trust Certificates could be adversely affected by negative economic or financial developments in other emerging market countries, particularly in the MENA region, over which the government has no control.

In addition, the economies of emerging markets are more susceptible to influence by macroeconomic policy decisions of developed countries than other sovereign issuers. In particular, emerging market economies have in the past demonstrated sensitivity to periods of economic growth and interest rate movements of developed economies. Additionally, emerging markets may be particularly susceptible to disruptions in the capital markets and the reduced availability of credit, or the increased cost of debt, which could result in their experiencing financial difficulty. No assurance can be given that this will not be the case in the future for Oman.

As a consequence, an investment in the Trust Certificates carries risks that are not typically associated with investing in Certificates issued by governments in more mature markets. These risks may be compounded by any incomplete, unreliable or unavailable economic and statistical data on Oman, including elements of information provided in this Base Prospectus (see "*Risk Factors Relating to the Government — The statistical data contained in this Base Prospectus should be treated with caution by prospective investors*"). Prospective investors should also note that emerging economies, such as Oman's, are subject to rapid change and that the information set out in this Base Prospectus may become out-dated relatively quickly. Accordingly, prospective investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved.

Any adjustment to, or ending of, Oman's currency peg could negatively affect Oman

Since 1973, the Omani Rial has been pegged to the U.S. dollar at a rate which has remained unchanged at approximately U.S.\$2.600 = OMR 1 since 1986. The maintenance of this currency peg is a firm policy of the Central Bank of Oman. See "*Monetary Policy and Financial System— Monetary and Exchange Rate Policy*". However, although there are currently substantial reserves available to defend the currency peg, there is no assurance that the Central Bank of Oman will be able to continue to maintain the currency peg in the future. In particular, there can be no guarantee that the assets in Oman's various sovereign wealth funds will be able to be liquidated at their current market value (and thus added to the reserves available to support the Omani Rial and thus the currency peg) in the event of a market downturn.

If the Central Bank of Oman cannot maintain the currency peg to the U.S. dollar or, failing that, a stable exchange rate versus the U.S. dollar, it could reduce confidence in Oman's economy, reduce foreign direct investment and adversely affect Oman's finances and economy.

In addition, because of the currency peg to the U.S. dollar, the Central Bank of Oman does not have any flexibility to devalue the Omani Rial to stimulate Oman's exports market, and the Central Bank of Oman's ability to independently manage interest rates and thus influence the condition of the Omani economy via monetary policy actions is constrained. For example, if the U.S. Federal Reserve were to further increase interest rates, and the Central Bank of Oman were to delay significantly in increasing its own rates, this could result in significant pressure on the currency peg. This lack of flexibility could have an adverse effect on Oman's foreign trade and domestic demand and, in turn, on its economy.

The statistical data contained in this Base Prospectus should be treated with caution by prospective investors

Statistics contained in this Base Prospectus, including those in relation to nominal GDP, balance of payments, revenues and expenditure, and indebtedness of the Government, have been obtained from, among others, the Ministry of Finance, the Ministry of Oil and Gas, the Central Bank of Oman and the Supreme Council for Planning. Such statistics and the component data on which they are based have been obtained from public sources and documents, but may not have been prepared in accordance with the standards of, or to the same degree of accuracy as, equivalent statistics produced by the relevant bodies in more developed countries. Investors may be able to obtain similar statistics from other sources, but the underlying assumptions, methodology and, consequently, the resulting data may vary from source to source and there can be no assurance that the statistical data appearing in this Base Prospectus are as accurate or as reliable as those published by other countries.

Data in relation to GDP at constant prices is provisional for 2014, data in relation to GDP at current prices is provisional for 2015 and data in relation to the geographical distribution of trade exchange is provisional for 2016. Data in relation to GDP at constant prices is preliminary for 2015 and data in relation to GDP at current prices, petroleum production, public finances, balance of payments, government domestic debt and the Petroleum Reserve Fund is preliminary for 2016. Such data for those and prior years may be revised. As part of the publication process of numerical figures by the National Center for Statistics and Information, such figures are considered preliminary when first derived and released. Further review and potential revisions at a later stage elevate such figures to provisional, which is considered closer to final than preliminary, but nevertheless subject to review and change. After a third stage of review such figures become final. There may also be material variances between preliminary, provisional or estimated statistical data set forth in this Base Prospectus and actual results, and between the statistical data set forth in this Base Prospectus and corresponding data previously published, or published in the future, by or on behalf of Oman.

Oman's official financial and economic statistics are subject to review as part of a regular confirmation process. Accordingly, financial and economic information may differ from previously published figures and may be subsequently adjusted or revised. No assurance can be given that material changes will not be made. Consequently, the statistical data contained in this Base Prospectus should be treated with caution by prospective investors.

Information on oil and gas reserves is based on estimates that have not been reviewed by an independent consultant for the purposes of this offering

Neither Oman nor the Managers have engaged an independent consultant or any other person to conduct a review of Oman's natural gas or crude oil reserves in connection with this offering. All reserve estimates presented herein are based on data maintained by Oman and include a compilation of the statistics delivered to the Ministry of Oil and Gas by the various oil companies operating in Oman.

Furthermore, although based on scientifically backed procedures and research, reserves valuation is a process with an inherently subjective element for estimating underground accumulations of crude oil and natural gas that cannot be measured in an exact manner. The accuracy of any reserve estimate depends on the quality and reliability of available data, engineering and geological interpretations and subjective professional judgment. Additionally, estimates may be revised based on subsequent results of drilling, testing and production. The proportion of reserves that can ultimately be produced, the rate of production and the costs of developing the fields are difficult to estimate and, therefore, the reserve estimates may differ materially from the ultimately recoverable quantities of crude oil and natural gas.

The extensive production, processing, storage and shipping of hydrocarbons in Oman subjects it to risks associated with hazardous materials.

The sizeable oil and gas sector in Oman consists of both upstream and downstream activities which include the production, processing, storage and shipping of oil, natural gas, petrochemicals and other hydrocarbons in various physical states. Hydrocarbons, by their nature, are often hazardous materials which have the potential to harm or damage property, production facilities, people and the environment. A disaster involving hydrocarbons, such as an oil spill, could have a materially adverse effect on the revenues or assets of Oman, either from direct losses, such as the loss of export revenue, the loss of tax revenue or liability to third parties, or from indirect losses, such as unrecovered clean-up costs or unmitigated environmental damage. Although Oman has not experienced a significant disaster involving hydrocarbons, it cannot guarantee that such an event will not occur in the future.

The Oman legal system continues to develop, and this may create an uncertain environment for investment and business activity

Oman's legal and regulatory systems and institutions are in various stages of development and are not yet as sophisticated as similar institutions characteristic of more developed markets. As a result, procedural safeguards as well as formal regulations and laws may not be applied consistently. In some circumstances it may not be possible to obtain the legal remedies provided under the relevant laws and regulations in a timely manner. As the legal environment remains subject to continuous development, investors in Oman may face uncertainty as to the security of their investments. Any unexpected changes in Oman's legal system may have a material adverse effect on the rights of Noteholders.

Risk factors relating to the Trust Certificates

The Conditions contain a "collective action" clause under which the terms of any one Series of Trust Certificates or multiple Series of Trust Certificates may be amended, modified or waived without the consent of all Certificateholders

The Conditions (as defined below) contain provisions regarding amendments, modifications and waivers, commonly referred to as "collective action" clauses. Such clauses permit defined majorities to bind all Certificateholders, including Certificateholders who did not vote and Certificateholders who voted in a manner contrary to the majority. The relevant provisions also permit, in relation to Reserved Matters, multiple Series of Trust Certificates to be aggregated for voting purposes (**provided that** each such Series also contains the same or similar collective action clauses in the relevant Conditions).

The Trustee expects that all Series of Trust Certificates issued under the Programme will include such collective action clauses, thereby giving the Trustee the ability to request modifications or actions in respect of Reserved Matters across multiple Series of Trust Certificates. This means that a defined majority of the holders of such Series of Trust Certificates (when taken in the aggregate only, in some circumstances, and/or individually) would be able to bind all holders of Trust Certificates in all the relevant aggregated Series.

Any modification or actions relating to Reserved Matters, including in respect of payments and other important terms, may be made to a single Series of Trust Certificates with the consent of the holders of 75 per cent. of the aggregate principal amount outstanding of such Series of Trust Certificates, and to multiple Series of Trust Certificates which may be issued by the Trustee with the consent of both (i) the holders of 66 2/3 per cent. of the aggregate principal amount outstanding of all Series of Trust Certificates being aggregated and (ii) the holders of 50 per cent. in aggregate principal amount outstanding of each Series of Trust Certificates being aggregated. In addition, under certain circumstances, including the satisfaction of the Uniformly Applicable condition (as more particularly described in the Conditions), any such modification or action relating to Reserved Matters may be made to multiple Series of Trust Certificates with only the consent of 75 per cent. of the aggregate principal amount outstanding of all Series of Trust Certificates being aggregated, without requiring a particular percentage of the holders in any individual affected Series of Trust Certificates to vote in favour of any proposed modification or action. Any modification or action proposed by the Trustee or the Government (as the case may be) (with the agreement of the Delegate) may, at the option of the Trustee or the Government (as the case may be), be made in respect of some Series of Trust Certificates only and, for the avoidance of doubt, the provisions may be used for different groups of two or more Series of Trust Certificates simultaneously. At the time of any proposed modification or action, the Trustee or the Government (as the case may be) will be obliged, *inter alia*, to specify which method or methods of aggregation will be used by the Trustee or the Government (as the case may be).

There is a risk, therefore, that the Conditions of a Series of Trust Certificates may be amended, modified or waived in circumstances whereby the Certificateholders voting in favour of an amendment, modification or waiver may be holders of different Series of Trust Certificates and as such, less – even significantly less - than 75 per cent. of the Certificateholders would have voted in favour of such amendment, modification or waiver.

In addition, there is a risk that the provisions allowing for aggregation across multiple Series of Certificates may make the Trust Certificates less attractive to purchasers in the secondary market on the occurrence of a Dissolution Event or in a distress situation. Further, any such amendment, modification or waiver in relation to any Trust Certificates may adversely affect their trading price.

Consents to variation of Transaction Documents

The Conditions, the Trust Certificates, the provisions of the Master Trust Deed or any other Transaction Document can only be amended by the Government and the Trustee with the consent of the Delegate. The Delegate may agree, without the consent of the Certificateholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions, the Trust Certificates, the provisions of the Master Trust Deed or any other Transaction Document or determine, without any such consent or sanction as aforesaid, that any Dissolution Event or Potential Dissolution Event shall not be treated as such, if, in the opinion of the Delegate:

- (a) such modification is of a formal, minor or technical nature; or
- (b) such modification is made to correct a manifest error; or
- (c) such modification, waiver, authorisation or determination is not, in the sole opinion of the Delegate, materially prejudicial to the interests of Certificateholders and is other than in respect of a Reserved Matter,

provided that, in the case of (c) above, no such modification, waiver, authorisation or determination may be made in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 20 per cent. of the outstanding aggregate face amount of Trust Certificates.

Any such modification, waiver, authorisation or determination may be made on such terms and subject to such conditions (if any) as the Delegate may determine, shall be binding upon the Certificateholders and shall as soon as practicable thereafter be notified by the Trustee to Certificateholders in accordance with Condition 18 (*Notices*).

Payments on the Trust Certificates are subject to exchange rate risks and exchange controls

The Trustee will make payments on the Trust Certificates in U.S. dollars. 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 U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of U.S. dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease (i) the Investor's Currency-equivalent yield on the Trust Certificates, (ii) the Investor's Currency-equivalent value of the Dissolution Amounts payable on the Trust Certificates and (iii) the Investor's Currency-equivalent market value of the Trust Certificates.

Government and monetary authorities (including where the investor is domiciled) may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Trustee to make payments in respect of the Trust Certificates or the Government to fulfil its obligations under the Transaction Documents. As a result, investors may receive lower Periodic Distributions Amounts or Dissolution Amounts than expected, or no such amounts.

Credit ratings are subject to revision or withdrawal, either of which could adversely affect the trading price of the Trust Certificates

One or more independent credit rating agencies may assign credit ratings to the Government or the Trust Certificates issued under the Programme. The ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above and any other factors that may affect the value of the Trust Certificates. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Other than pursuant to Article 16 of the Prospectus Directive, the Trustee has no obligation to inform Certificateholders of any revision, downgrade or withdrawal of its current or future sovereign credit ratings. A suspension, downgrade or withdrawal at any time of a credit rating assigned to the Government and/or the Trust Certificates may adversely affect the trading price of the Trust Certificates.

Each of S&P, Moody's and Fitch is established in the EU and registered under the CRA Regulation. 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 firm that is 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 ratings agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified accordance with the CRA Regulation (and such endorsement or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency

and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

Investing in securities involving emerging markets such as Oman generally involves a higher degree of risk and the Trust Certificates may not be suitable as an investment for all investors

Generally, investment in emerging markets such as Oman is only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with, investing in emerging markets. A prospective investor should not invest in the Trust Certificates unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Trust Certificates will perform under changing conditions, the resulting effects on the value of such Trust Certificates and the impact this investment will have on the prospective investor's overall investment portfolio. Investors are urged to consult their own legal, tax and financial advisers before making an investment. Each potential investor in the Trust Certificates must determine the suitability of that investment in own circumstances.

In particular, prospective investors should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Trust Certificates in each Series, the merits and risks of investing in the Trust Certificates and the information contained 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 Trust Certificates and the impact which the Trust Certificates will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Trust Certificates, including where the currency of payment is different from the potential investor's currency;
- understand thoroughly the terms of the Trust Certificates in each Series and be familiar with the behaviour of any relevant 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.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, and/or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Trust Certificates are legal investments for it, (ii) the Trust Certificates can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the Trust Certificates. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Trust Certificates under any applicable risk-based capital or similar rules.

The liquidity of the Trust Certificates may be limited and trading prices may fluctuate

Trust Certificates issued under the Programme will (unless they are to be consolidated into a single Series with any Trust Certificates previously issued) be new Trust Certificates which may not be widely distributed and for which there is currently no active trading market. While an application has been made to list on the Irish Stock Exchange plc's regulated market, there is no assurance that such application will be accepted or that the Trust Certificates will develop an active trading market or, if one does develop, that it will be liquid or maintained. In addition, if the Trust Certificates are traded after their initial issuance they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of Oman.

Certificates where denominations involve integral multiples: Definitive Trust Certificates

In relation to any issue of Trust Certificates which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Trust Certificates 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 face amount of less than the minimum Specified Denomination would need to purchase an additional amount of Trust Certificates such that it holds an amount equal to at least the minimum Specified Denomination to be able to trade such Trust Certificates.

A holder who holds an amount which is less than the minimum Specified Denomination in his or her account with the relevant clearing system at the relevant time may not receive a definitive Trust Certificate in respect of such holding (should definitive Trust Certificates be printed or issued) and would need to purchase a face amount of Trust Certificates at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination in order to be eligible to receive a definitive Trust Certificate.

If definitive Trust Certificates are issued, holders should be aware that definitive Trust Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Reliance on DTC, Euroclear and Clearstream, Luxembourg Procedures

The Trust Certificates of each Series will be represented on issue by one or more Global Trust Certificates that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or may be deposited with a nominee for DTC. Except in the circumstances described in each Global Trust Certificate, investors will not be entitled to receive Certificates in definitive form. Each of Euroclear, Clearstream, Luxembourg and DTC and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Trust Certificate held through it. While the Trust Certificates are represented by a Global Trust Certificate, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Trust Certificates are represented by Global Trust Certificates, the Trustee will discharge its payment obligations under the Trust Certificates by making payments through the relevant clearing system. A holder of a beneficial interest in a Global Trust Certificate must rely on the procedures of the relevant clearing systems and its participants in relation to payments under the Trust Certificates. Neither the Trustee nor the Government has any responsibility or liability for the records relating to, or payment made in respect of, ownership interests in any Global Trust Certificate.

Holders of ownership interests in a Global Trust Certificate will not have a direct right to vote in respect of the Trust Certificates 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.

The Government is not required to effect equal or rateable payment(s) with respect to its other debt obligations, and is not required to pay other debt obligations at the same time or as a condition of paying sums due under the Transaction Documents and vice versa

The payment obligations of the Government (acting in all its capacities under the Transaction Documents) will at all times rank at least *pari passu* with all other Relevant Indebtedness of the Government. However, the Government will have no obligation to effect equal or rateable payment(s) at any time with respect to any other Relevant Indebtedness of the Government and, in particular, will have no obligation to pay other Relevant Indebtedness at the same time or as a condition of paying sums due under the Transaction Documents and *vice versa*. Accordingly, the Government may choose to grant preferential treatment to, and therefore prioritise payment obligations to, other creditors of the Government as payments fall due.

The Trust Certificates are unsecured obligations and there is no limitation on the Government's ability to issue guarantees, pari passu securities or to incur additional indebtedness in the future

The Certificateholders will not have the benefit of security and as a result will not have a claim to those assets that secure the debt held by secured creditors of the Government. The Government has in the past issued guarantees and securities and incurred indebtedness and intends to continue to do so from time to time in the future. In addition, there is no restriction on the amount of guarantees or securities which the Government may issue and which rank *pari passu* with the Trust Certificates. The issue of any such guarantees, securities and the incurrence of any such additional indebtedness may reduce the amount recoverable by the Certificateholders in certain scenarios.

The Trust Certificates may be an ownership interest for the purposes of the Volcker Rule

The Trustee may be a "covered fund" for the purposes of the Volcker Rule. Further, the Trust Certificates may constitute an "ownership interest" for the purposes of the Volcker Rule. As a result, the Volcker Rule may, subject to certain exemptions, prohibit certain banking institutions from, directly or indirectly, acquiring or retaining the Trust Certificates. This prohibition may adversely affect the liquidity and market price of the Trust Certificates. In addition, any entity that is a "banking entity" under the Volcker Rule and is considering an investment in the Trust Certificates should consider the potential impact of the Volcker Rule in respect of such investment and on its portfolio generally.

Risks relating to Enforcement

Oman is a sovereign state and accordingly it may be difficult to obtain or enforce judgments against it regardless of any waiver of immunity

Ultimately the payments under the Trust Certificates are dependent upon the Government making payments in the manner contemplated under the Transaction Documents. If the Government fails to do so, it may be necessary for an investor to bring an action against the Government to enforce its obligations and/or to claim damages, as appropriate, which could be both time consuming and costly.

Oman is a foreign sovereign state. Consequently, it may be difficult for investors to obtain or realise upon arbitral awards or judgments of the LCIA, courts in England or the United States or any other courts against the Trustee and/or the Government. Each of the Trustee and the Government has irrevocably submitted to the jurisdiction of the LCIA and waived any immunity from the jurisdiction (including sovereign immunity) of such arbitral tribunal in connection with any action arising out of or based upon the Trust Certificates brought by any holder of Trust Certificates. Although no governmental entities are immune from suit, public assets are protected from attachment in the event of legal proceedings against the Trustee and/or the Government. Accordingly, there can be no guarantee that the waiver of sovereign immunity in the Transaction Documents from legal proceedings and attachments of assets owned by the Trustee and/or the Government will be enforced by the Omani courts in the future. See "*Jurisdiction and Enforcement*" and "*Terms and Conditions of the Trust Certificates*".

There may be limitations on the enforcement of foreign judgments or arbitral awards in Oman

Foreign arbitral awards may be enforced in Oman pursuant to: (i) treaty obligations or (ii) the Oman Civil Procedure Law. Oman has acceded to the New York Convention, and ratified the Riyadh Convention. Although Oman has been a party to the New York Convention since 1998, each of the Trustee and the Government is aware of only one case which has come before the courts of Oman where a claimant has successfully enforced a foreign arbitral award issued by a contracting state. Whilst in that case the Oman Appeal Court held that the arbitral award was recognised and enforceable in Oman, it should be noted that there is no doctrine of binding precedent under Oman Law, although decisions of the Oman Appeal Court may be persuasive. Each of the Trustee and the Government has no reason to believe, however, that the courts of Oman would not enforce an arbitral award passed in a contracting state (without the need to re-examine or re-litigate), subject only to no valid argument being raised that the enforcement of that arbitral award should be refused on one or more of the grounds set out in Article V of the New York Convention or that the subject matter of the award is against public order or morality in Oman. However, the enforcement in Oman of any of the obligations of any party under any of the Trust Certificates or the Transaction Documents will ultimately require an order for enforcement by the courts of Oman, which order is subject to discretion, including as to the manner in which such court would interpret and apply the New York Convention.

If the foreign arbitral award is not enforceable pursuant to a treaty obligation (for example, an award is passed in a country that is not a signatory to the New York Convention or Riyadh Convention), then such award may still be enforceable in Oman subject to the satisfaction of the conditions set out in Articles 352 to 355 of the Oman Civil Procedure Law. In accordance with Article 352 of the Oman Civil Procedure Law, the courts of Oman possess an inherent jurisdiction to enforce foreign awards. When considering the enforcement of arbitral awards in the above circumstances, the courts of Oman will need to be satisfied that the following conditions have been met (reading "judgment" as "award"):

- (a) it is passed by a competent judicial authority in accordance with the international jurisdiction rules applicable in the country in which the judgment or order is passed, and becomes final according to that law and was not grounded on deception;
- (b) the parties to the dispute were summoned to appear and were properly represented;
- (c) it does not include any requests, the basis of which breaches the laws enforced in Oman;
- (d) it does not contradict any judgment or order previously issued by the courts of Oman, and it does not include anything contravening public order or morals;
- (e) the country in which the said judgment or award was signed accepts the execution of judgments of Oman courts within its territories; and
- (f) the matter that has been arbitrated upon in the foreign jurisdiction is capable of being determined by arbitration under Omani law (Article 353).

In the event that the conditions of Articles 352 to 355 of the Oman Civil Procedure Law are not met by a foreign arbitral award, such foreign arbitral award may be of evidentiary value only in a full hearing before the Omani Court and the matter may have to be litigated de novo before the courts of Oman.

There is no established system of precedent that would be binding on the courts in Oman. If enforcement of the Trust Certificates were sought before the courts in Oman, it is difficult to forecast in advance with any degree of certainty how some of the provisions relating to the Trust Certificates would be interpreted and applied by those courts and whether all of the provisions of the Trust Certificates would be enforceable.

Foreign judgments may be enforced in Oman pursuant to: (i) treaty obligations; or (ii) the Oman Civil Procedure Law. The only treaties of note are the AGCC Protocol and the Riyadh Convention.

Although Omani law provides for the enforcement of foreign judgments in Oman subject to the conditions set out in Articles 352 to 355 of the Oman Civil Procedure Law being met, each of the Trustee and the Government is not aware of a foreign (i.e. non Omani and non Arab GCC) judgment ever having been enforced in Oman. In the absence of the conditions set out in Articles 352 to 355 of the Oman Civil Procedure Law being met, an English or U.S. judgment against the Trustee would not be enforced by the courts of Oman without a re-examination of the merits and the English or U.S. judgment may be of evidential value only in any such proceedings filed before the Courts of Oman.

If any proceedings were brought in Oman (whether in connection with the enforcement of an English or U.S. judgment or otherwise), pursuant to the Civil Code, the courts of Oman would recognise and give effect to the choice of English law as the governing law, unless any provision of English law were considered to be contrary to a mandatory provision of Omani law, public order or morality or Islamic *Shari'a* principles.

If enforcement of the Trust Certificates were sought before the courts of Oman, it is difficult to forecast in advance with any degree of certainty how some of the provisions relating to the Trust Certificates would be interpreted and applied by those courts and whether all of the provisions of the Trust Certificates would be enforceable.

Oman is a civil law jurisdiction. Court judges enjoy much greater freedom to interpret agreements in any way which, in their opinion, correctly reflects the intention of the parties if the terms of the relevant agreement are ambiguous. The judge's interpretation can extend to amending the contract, if the judge feels that to do so would better reflect the original intention of the parties.

It is to be noted that no established system of precedent is adhered to by the courts of Oman although decisions of the Supreme Court of Oman should be persuasive.

Trust Certificates issued under the Programme may be deemed to be void and unenforceable pursuant to Article 88(b) of the Commercial Companies Law

Pursuant to Article 88(b) of the Commercial Companies Law ("**Article 88(b)**"), a joint stock company may not issue bonds if the aggregate principal amount of all outstanding bonds of that company plus the

aggregate principal amount of the bonds proposed to be issued exceeds the amount of the company's capital. It is open to interpretation as to whether Article 88(b) applies to Oman Sovereign Sukuk S.A.O.C. in the context of a sukuk issuance.

Whilst it is not expected that Article 88(b) will apply to special purpose vehicles (including joint stock companies) established solely for the purpose of issuing sukuk, and the Oman Capital Market Authority have verbally confirmed their view that it is not intended that Article 88(b) apply to special purpose vehicles (including joint stock companies) established solely for the purpose of issuing sukuk, there is no specific exemption or dis-application of the restrictions in Article 88(b) in the context of sukuk issuances. It is possible that an Oman court may take an alternative interpretation and determine that Article 88(b) applies to Oman Sovereign Sukuk S.A.O.C. Oman Sovereign Sukuk S.A.O.C.'s issued share capital is RO 500,000. If an Oman court determines that Oman Sovereign Sukuk S.A.O.C. has issued Trust Certificates in contravention of Article 88(b), then the court may declare the entire issue void and unenforceable on the basis that Article 88(b) is a matter that goes to the public order in Oman. In such circumstances, the court would likely require that Oman Sovereign Sukuk S.A.O.C. return to the Certificateholders the proceeds of such issuance of the Trust Certificates, less any amounts, including Periodic Distribution Amounts, already paid to the Certificateholders by Oman Sovereign Sukuk S.A.O.C.

In addition, if it is determined that the provisions of the Commercial Companies Law have been breached then this could attract civil and/or criminal sanctions for, amongst other parties, Oman Sovereign Sukuk S.A.O.C. and its directors.

Change of law

The structure of the issue of the Trust Certificates under the Programme is based on English law and Omani 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 Omani law or administrative practice after the date of this Base Prospectus nor can any assurance be given as to whether any such change could adversely affect the ability of the Trustee to make payments under the Trust Certificates or of the Trustee and the Government to comply with their respective obligations under the Transaction Documents.

Change of tax law

Statements in this Base Prospectus concerning the taxation of investors are of a general nature and are based upon current law and practice in the jurisdictions stated. Such law and practice is, in principle, subject to change, possibly with retrospective effect, and this could adversely affect investors.

In addition, any change in legislation or in practice in a relevant jurisdiction could adversely impact (i) the ability of the Trustee to service the Trust Certificates; (ii) the market value of the Trust Certificates; and (iii) the ability of the Trustee and the Government to comply with their respective obligations under the Transaction Documents.

Payments made by the Government to the Trustee under the Transaction Documents or by the Trustee in respect of the Trust Certificates will be subject to taxation. The Transaction Documents require the Government to pay additional amounts in the event that any withholding or deduction is required by Omani law to be made in respect of payments made by it to the Trustee which are intended to fund Periodic Distribution Amounts and Dissolution Amounts. Condition 13 provides that the Trustee is required to pay additional amounts in respect of any such withholdings or deductions imposed by the Sultanate of Oman in certain circumstances. If the Trustee fails to gross-up for any such withholding or deduction on payments due in respect of the Trust Certificates to Certificateholders, the Government has, pursuant to the Master Trust Deed, unconditionally and irrevocably undertaken (irrespective of the payment of any fee), as a continuing obligation, to pay to, or to the order of, the Delegate (for the benefit of the Certificateholders) an amount equal to the liabilities of the Trustee in respect of any and all additional amounts required to be paid in respect of the Trust Certificates pursuant to Condition 13 in respect of any withholding or deduction in respect of any tax as set out in that Condition.

Claims for specific performance in Oman

If the Government fails to perform its obligations under any Transaction Document, the potential remedies available to the Trustee and the Delegate include obtaining an order for specific performance of the Trustee's obligations or a claim for damages. There is no assurance that an Omani court will provide

an order for specific performance which is a discretionary matter and the related provisions under Omani law are relatively new and untested.

The amount of damages, which an Omani court may award in respect of a breach, will depend upon a number of possible factors including an obligation on the Trustee and the Delegate to mitigate any loss arising as a result of the breach. No assurance is provided on the level of damages which an Omani court may award, or whether an injunction would be awarded, if the Trustee fails to perform its obligations set out in the Conditions.

The Trust Certificates are limited recourse obligations

Recourse to the Trustee in respect of each Series of Trust Certificates is limited to the Trust Assets of that Series and proceeds of such Trust Assets are the sole source of payments on the relevant Trust Certificates. Upon occurrence of a Dissolution Event or early dissolution pursuant to Condition 11, the sole rights of each of the Trustee, the Delegate and the Certificateholders of the relevant Series of Trust Certificates will be against the Trustee and the Government, as applicable, to perform their respective obligations under the Transaction Documents. Certificateholders will otherwise have no recourse to any assets of the Trustee, the Delegate, the Government, the Arrangers, the relevant Dealer(s), the Agents or any affiliate of any of the foregoing entities in respect of any shortfall in the expected amounts due under the relevant Trust Assets. Certificateholders will also not be able to institute against, or join any other person in instituting against the Trustee, any bankruptcy, arrangement, reorganisation, administration or liquidation proceedings or other proceedings under any bankruptcy or similar law in any jurisdiction as a consequence of such shortfall or otherwise. The Government is obliged to make certain payments under the Transaction Documents directly to the Trustee, and the Trustee and the Delegate will have direct recourse against the Government to recover payments due to the Trustee from the Government pursuant to the Transaction Documents. There can be no assurance that the net proceeds of the realisation of, or enforcement with respect to, the Trust Assets will be sufficient to make all payments due in respect of the Trust Certificates of the relevant Series. After enforcing or realising the relevant Trust Assets and distributing the net proceeds of such Trust Assets in accordance with Condition 5.2, the Trustee shall not be liable for any further sums and no Certificateholder may take any further steps against the Trustee or any other person to recover any further sums in respect of such Trust Certificates. Furthermore, under no circumstances shall any Certificateholder, the Trustee or the Delegate have any right to cause the sale or other disposition of any of the Trust Assets (other than as expressly contemplated in the Transaction Documents and/or the Conditions) and the sole right of the Trustee, the Delegate and the Certificateholders against the Trustee and the Government, as applicable, shall be to enforce the obligation of the Trustee to perform their respective obligations under the Transaction Documents.

Risks relating to the Trust Assets

Ownership of the Relevant Lease Asset(s)

The *Shari'a* analysis is as follows: an ownership interest in the Asset(s) or Additional Asset(s), as applicable will pass to Oman Sovereign Sukuk S.A.O.C. under the relevant Purchase Agreement and Oman Sovereign Sukuk S.A.O.C. will lease the Relevant Lease Asset(s) to the Government under the relevant Lease Agreements. Oman Sovereign Sukuk S.A.O.C. will declare a trust in respect of the Relevant Lease Asset(s) and the other Trust Assets in favour of the Certificateholders of the relevant Series pursuant to the relevant Trust Deeds. However, no investigation or enquiry will be made and no due diligence will be conducted in respect of any Relevant Lease Asset(s) of any Series. The Relevant Lease Asset(s) will be selected by the Government, and the Certificateholders, the Trustee, the Agents and the Delegate will have no ability to influence such selection. Only limited representations will be obtained from the Government in respect of the Relevant Lease Asset(s) of any Series.

Transfer of the Asset(s)

Under Oman law, any transfer of an interest in real estate (including as may be contemplated under the relevant Purchase Agreement or the relevant Sale Agreement entered into pursuant to the Purchase Undertaking or Sale and Substitution Undertaking, as the case may be) shall not be effective under Oman law unless registered with the Ministry of Housing and the applicable fee is paid and in the absence of such registration and payment the relevant agreement shall be unenforceable as against third parties.

No investigation has been or will be made as to whether the/any Relevant Lease Asset may be transferred as a matter of the law of the jurisdiction where such assets are located or any other relevant law. No investigation will be made to determine if the relevant Purchase Agreement will have the effect of transferring the Asset(s) or Additional Asset(s), as applicable, of the relevant Series.

Nevertheless, as indicated earlier, although, the *Shari'a* analysis is such that an ownership interest in the Asset(s) or Additional Asset(s), as applicable, will pass to the Trustee under the relevant Purchase Agreement, the Certificateholders will not have any rights of enforcement as against the Relevant Lease Asset(s) and their rights are limited to enforcement against the Government of its obligation to purchase the Relevant Lease Asset(s) pursuant to the terms of the Purchase Undertaking in accordance with the terms of the Transaction Documents and the Conditions.

However, the Government has covenanted (or will covenant) in:

- (i) the relevant Supplemental Purchase Agreement that, to the extent that the sale and purchase, transfer or conveyance of its (in its capacity as seller) rights, title and interests in, to and under the/any Asset(s) or Additional Asset(s) (as the case may be) is not (or is alleged not to be) effective in any jurisdiction for any reason and the Exercise Price (or the Certificateholder Put Right Exercise Price, as the case may be) payable pursuant to the Sale and Substitution Undertaking or Purchase Undertaking, as the case may be, is not paid in full when due, to: (A) make payment of an amount equal to the Purchase Price (or relevant part thereof, as defined in the relevant Supplemental Purchase Agreement) by way of restitution to the Trustee (in its capacity as purchaser) immediately upon request; and/or (B) indemnify fully the Trustee for the purpose of redemption of the outstanding Trust Certificates of the relevant Series (or Certificateholder Put Right Trust Certificates, as the case may be, as defined in the Purchase Undertaking) and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price (or the Certificateholder Put Right Exercise Price, as the case may be), in each case, without duplication or double counting;
- (ii) the Purchase Undertaking that it will fully accept all or any ownership interest the Trustee may have in the Relevant Lease Asset(s) (including any Certificateholder Put Right Lease Asset(s), as the case may be, and as defined in the Purchase Undertaking) and, if the Government does not accept such ownership interest or if that ownership interest is disputed or challenged, will fully indemnify the Trustee for the purpose of redemption in full of the relevant Series of Trust Certificates (or the Certificateholder Put Right Trust Certificates, as the case may be, and as defined in the Purchase Undertaking) and, accordingly, the amount payable under such indemnity will equal the relevant Exercise Price (or Certificateholder Put Right Exercise Price, as the case may be); and
- (iii) the Master Trust Deed that it will immediately upon demand (but without any double counting): (a) make payment to the Trustee or the Delegate (as applicable) of an amount equal to the Purchase Price (as defined in the relevant Supplemental Purchase Agreement) in respect of any Initial Defective Sale by way of restitution and (b) indemnify fully the Trustee or the Delegate (as applicable) (each acting for and on behalf of the Certificateholders) for the relevant Exercise Price (or Certificateholder Put Right Exercise Price, as the case may be) expressed to be due and payable under, the Purchase Undertaking or the Sale and Substitution Undertaking, as applicable, at the relevant time if, as a result of either an Initial Defective Sale or a Subsequent Defective Sale, the Trustee or the Delegate (as applicable) is unable to realise in full, or does not actually receive in full, the relevant Exercise Price (or Certificateholder Put Right Exercise Price, as the case may be) which is expressed to be due and payable under either the Purchase Undertaking or the Sale and Substitution Undertaking, as applicable, at the relevant time.

For this purpose, an "**Initial Defective Sale**" will occur if the sale, purchase, transfer and conveyance of any rights, title, and interest in, to and under the/any relevant Asset(s) or Additional Asset(s), as applicable (each as defined in the relevant Supplemental Purchase Agreement) from the Government (in its capacity as seller) to the Trustee (in its capacity as purchaser) under the relevant Purchase Agreement is not valid or effective, or becomes invalid or ineffective, in whole or in part, in any jurisdiction for any reason, and a "**Subsequent Defective Sale**" will occur if the sale, purchase, transfer and conveyance of any of the Trustee's rights, title and interest, in, to and under, *inter alia*, the Relevant Lease Asset(s) (or proportion thereof, as the case may be) pursuant to the exercise of the Purchase Undertaking or the Sale and Substitution Undertaking, as applicable, is not valid or effective, or becomes invalid or ineffective, in

whole or in part, in any jurisdiction for any reason, including without limitation, by reason of any Initial Defective Sale.

Total Loss Event

From a *Shari'a* perspective, the Trustee (in its capacity as lessor) is required, among other things, to insure the Relevant Lease Asset(s). The Trustee has appointed the Government as its servicing agent, which has undertaken in the Servicing Agency Agreement, *inter alia*, to insure the Relevant Lease Asset(s) in the name of the Trustee (as lessor) against the occurrence of a Total Loss Event for their Full Reinstatement Value (and to ensure, in relation to each relevant Series, that such amount is not at any time less than, *inter alia*, the aggregate face amount of Trust Certificates of such Series then outstanding plus accrued but unpaid Periodic Distribution Amounts). A "**Total Loss Event**" is defined as the total loss or destruction of, or damage to the whole of, the Relevant Lease Asset(s) or any event or occurrence that renders the whole of the Relevant Lease Asset(s) permanently unfit for any economic use and (but only after taking into consideration any insurances or other indemnity granted by any third party in respect of the Relevant Lease Asset(s)) the repair or remedial work in respect thereof is wholly uneconomical.

Nevertheless, should such an event occur the relevant Lease will automatically terminate and unless the Government procures new assets by the 30th day after the occurrence of the Total Loss Event, which will be the subject of a replacement Supplemental Lease Agreement, the Trust Certificates of the relevant Series will be repaid using the proceeds of the Insurances received by the Trustee. In this scenario, potential investors should be aware that: (i) Rental under the Lease will cease upon the occurrence of a Total Loss Event as that Lease will have terminated and accordingly the Periodic Distribution Amounts payable to the Certificateholders of the relevant Series will not accrue after the date of such Total Loss Event and (ii) there may be a delay in the Trustee receiving the proceeds of Insurance (if any) and therefore in the relevant Certificateholders receiving the relevant Dissolution Amount in respect of their Trust Certificates. In this regard, the Servicing Agency Agreement provides that if the proceeds of the Insurances for an amount equal to the Full Reinstatement Value are not paid directly into the Transaction Account within 30 days of the occurrence of the Total Loss Event (or such amount paid is less than the Full Reinstatement Value), the Government, as Servicing Agent, shall have failed in its responsibility to properly insure the Relevant Lease Asset(s) and accordingly (unless it proves beyond any doubt that any shortfall in the proceeds of Insurances is not attributable to its negligence or its failure to comply with the terms of the Servicing Agency Agreement relating to the Insurances) the Government shall be responsible for paying any shortfall (such amount being the Total Loss Shortfall Amount) directly into the Transaction Account. The Delegate will be entitled to enforce this undertaking against the Government on behalf of the Trustee and the Certificateholders of the relevant Series.

The Trust Certificates may be subject to early dissolution by the Government

An early dissolution feature of any Trust Certificate is likely to limit its market value. During any period when the Government may elect to dissolve Trust Certificates, the market value of those Trust Certificates generally will not rise substantially above the dissolution amount payable. This also may be true prior to any dissolution period.

The Government may be expected to exercise an early redemption option when the Government's cost of financing is lower than the profit rate on the Trust Certificates. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective profit rate as high as the profit rate on the Trust Certificates 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.

There is no assurance that the Trust Certificates will be compliant with the principles of Islamic finance

The Sharia Supervisory Board of Alizz Islamic Bank SAOG, Citi Islamic Investment Bank E.C. - Sharia Advisory Board, Dar Al Shariah, the Shariah Board advisers to Dubai Islamic Bank P.J.S.C., the Global Shariah Supervisory Board of Gulf International Bank B.S.C., the Executive Shariah Committee of HSBC Saudi Arabia Limited, Sh. Nizam Yaquby and Dr. Sh. Mohamed Elgari, the Shariah advisors to J.P. Morgan Securities plc and the *Shari'a* Supervisory Committee of Standard Chartered Bank has confirmed that the Transaction Documents are, in their view, *Shari'a* compliant. However, there can be no assurance that the Transaction Documents or any issue and trading of any Trust Certificates will be deemed to be *Shari'a* compliant by any other *Shari'a* board or *Shari'a* scholars. None of the Trustee, the

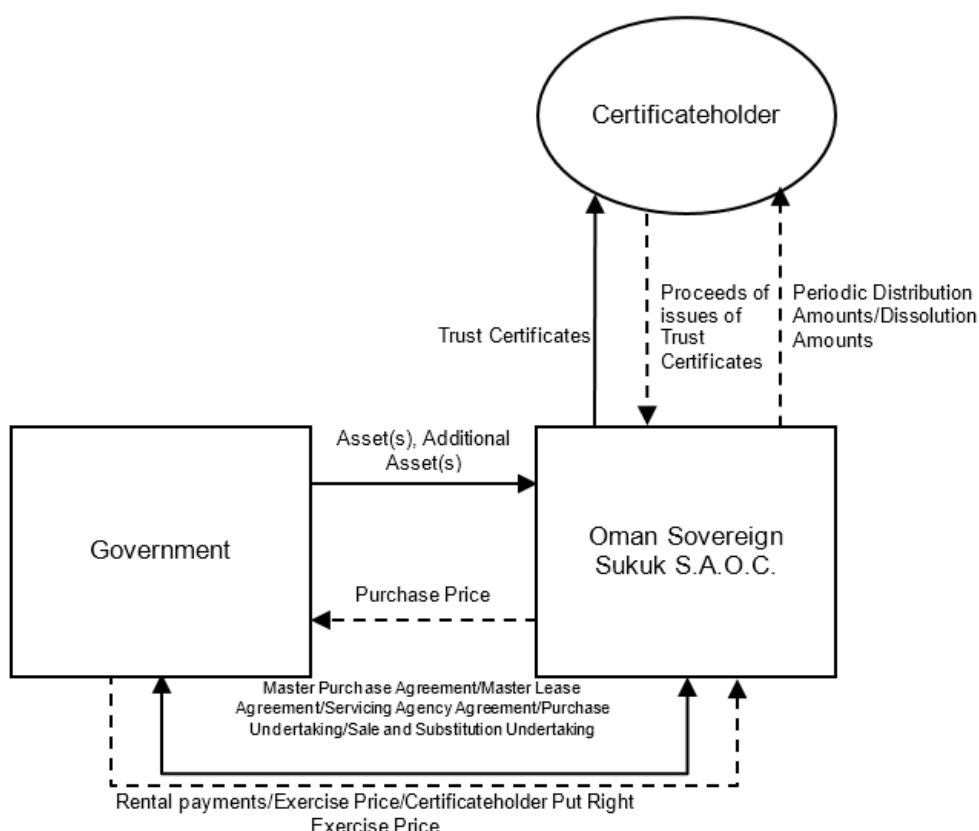
Government, the Delegate, the Arrangers, the Dealers or the Agents makes any representation as to the *Shari'a* compliance of any Tranche and potential investors are reminded that, as with any *Shari'a* views, differences in opinion are possible. Potential investors should obtain their own independent *Shari'a* advice as to the compliance of the Transaction Documents and the issue and trading of any Tranche with their individual standards of compliance with *Shari'a* principles. Questions as to the *Shari'a* permissibility of the structure or the issue and the trading of the Trust Certificates may limit the liquidity and adversely affect the market value of the Trust Certificates.

Shari'a requirements in relation to interest awarded by a court.

In accordance with applicable *Shari'a* principles, each of the Trustee and the Delegate will waive all and any entitlement it may have to interest awarded in its favour by an arbitrator as a result of any arbitration and/or by a court in connection with any dispute under any of the Transaction Documents. Should there be any delay in the enforcement of a judgment or arbitral award given against the Government, judgment interest may accrue in respect of that delay and, as a result of the waiver referred to above, Certificateholders will not be entitled to receive any part of such interest.

STRUCTURE DIAGRAM AND CASHFLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying each Series of Trust Certificates to be issued under the Programme. Potential investors are referred to the Conditions and the detailed descriptions of the relevant Transaction Documents set out elsewhere in this document for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below.



Cashflows

Payments by the Certificateholders and the Trustee

On the Issue Date of each Tranche of Trust Certificates, the relevant Certificateholders will pay the issue price (the "**Issue Proceeds**") in respect thereof to the Trustee, which will use such proceeds as the purchase price (the "**Purchase Price**") payable under the relevant Supplemental Purchase Agreement for the relevant Asset(s) or (in the case of each subsequent Tranche of such Series) as the purchase price for the relevant Additional Asset(s). The Assets or Additional Assets (as the case may be) will comprise any asset (including, but not limited to, a share of the Government's interest in land, fixed plant and machinery, or infrastructure) that is free and clear of all encumbrances, is owned by the Government and is capable of being sold and leased (each an "**Eligible Asset**").

The Asset(s) or Additional Asset(s), as applicable, to be purchased by the Trustee on the Issue Date will comprise Eligible Assets, and in the case of the first Tranche of Trust Certificates to be issued under the Programme, a share of the Government's interest in a plot of land. Under the Sale and Substitution Undertaking, the Government may substitute or replace the Relevant Lease Asset(s) with assets the identity of which may be determined by the Government in its sole and absolute discretion, **provided that** the value of such assets (as determined by reference to the relevant internal Government valuation on the Substitution Date (as defined in the Sale and Substitution Undertaking)) is equal to or greater than the

value of the substituted or replaced Relevant Lease Asset(s) (as determined by reference to the relevant internal Government valuation on the date on which such substituted or replaced Relevant Lease Asset(s) were acquired by the Trustee) and that such assets comprise real estate assets or other assets that are capable of being leased and which, in any case, are used for *Shari'a*-compliant purposes.

Periodic Payments by the Trustee

Prior to each Periodic Distribution Date, the Government (in its capacity as lessee) will pay to the Trustee (in its capacity as lessor) an amount reflecting the rental due in respect of the Relevant Lease Asset(s), which is intended to be sufficient to fund the Periodic Distribution Amounts payable by the Trustee under the Trust Certificates and shall be applied by the Trustee for that purpose.

Dissolution Payments

On the Scheduled Dissolution Date, the Trustee and the Delegate will have the right under the Purchase Undertaking to require the Government (in its capacity as obligor) to purchase all of its rights, title and interests in, to and under the Relevant Lease Asset(s) for an amount equal to the Exercise Price.

The exercise price payable by the Government (in its capacity as Purchaser) to the Trustee (in its capacity as seller) are intended to fund the relevant Final Dissolution Amount payable by the Trustee under the Trust Certificates.

The Trust may be dissolved prior to the Scheduled Dissolution Date for a number of reasons including (i) upon the occurrence of a Total Loss Event (as defined herein); (ii) upon the occurrence of a Dissolution Event (as defined herein) or (iii) in certain cases where so specified in the applicable Final Terms, at the option of the Government or any Certificateholder, as the case may be. In the case of (ii) and (iii) above, the relevant Dissolution Amount will be funded by requiring the Government to purchase the Relevant Lease Asset(s) and paying the relevant Exercise Price (or Certificateholder Put Right Exercise Price, as the case may be) to or to the order of the Trustee (pursuant to the terms of the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be). In the case of (i) above, the Dissolution Amount will be funded using any proceeds of Insurances (as defined in the Servicing Agency Agreement) payable in respect of the Total Loss Event (as defined herein) (save where the Government replaces the Relevant Lease Asset(s) as provided in the Servicing Agency Agreement), which are required to be paid into the Transaction Account (as defined herein) by no later than the 30th day after the occurrence of the Total Loss Event.

Should there be any shortfall in the proceeds of the Insurances paid into the Transaction Account for funding the amounts payable by the Trustee on the due date for dissolution in the case of (i) above, unless the Servicing Agent proves beyond any doubt that such shortfall is not in any way attributable to its negligence nor its failing to comply with the terms of the Servicing Agency Agreement relating to the Insurances, the Servicing Agent will irrevocably and unconditionally undertake to pay an amount equal to such shortfall into the Transaction Account by no later than close of business in London on the 30th day after the occurrence of the Total Loss Event.

USE OF PROCEEDS

The net proceeds of each Tranche of Trust Certificates issued under the Programme will be paid by the Trustee (in its capacity as purchaser) on the Issue Date to or to the order of the Government (in its capacity as seller) as the purchase price for the Asset(s) or Additional Asset(s), as applicable, pursuant to the relevant Purchase Agreement (as defined in the Conditions).

DESCRIPTION OF THE TRUSTEE

General

The Trustee is an Omani closed joint stock company incorporated on 13 August 2015 under the Commercial Companies Law of the Sultanate of Oman (Royal Decree 4/74, as amended) with commercial registration number 1225873. The Trustee has been established to issue Trust Certificates and enter into the transactions contemplated by the Transaction Documents. The registered office of the Trustee is P.O. Box 506, Postal Code 100, Muscat, Sultanate of Oman and its telephone number is +968 2474 6524.

The Trustee's authorised share capital is OMR 100,000,000 and its issued share capital is OMR 500,000 consisting of 500,000 ordinary shares of a par value of OMR 1 each, all of which have been fully paid up (the Shares). The Shares are wholly-owned by the Government.

Business of the Trustee

Since its establishment, the Trustee has not engaged in any material activities other than those regarding or incidental to the issue of the Trust Certificates and the matters contemplated in this Base Prospectus and the Transaction Documents and the authorisation of its entry into the other transactions and documents referred to in this Base Prospectus to which it is or will be a party.

The Trustee has no prior operating history or prior business. The Trustee has no, and does not intend to have, subsidiaries, employees or executive directors. The objects for which the Trustee is established are set out in its memorandum of association and articles of association signed on 26 March 2015.

Financial Statements

The Trustee is required by Omani law to prepare audited year-end financial statements and audited financial statements from the date of the Trustee's incorporation to the year ended 31 December 2016 have been incorporated by reference herein. Ernst & Young LLC ("EY") have been appointed as auditors of the Trustee for the financial year ending 31 December 2017.

Board of Directors of Oman Sovereign Sukuk S.A.O.C.

The Trustee shall be managed by a board of directors appointed in accordance with its Articles of Association (the Board of Directors). As of the date of this Base Prospectus, the Board of Directors consists of the following members:

- His Excellency Mohammed Jawad Hassan Sulaiman (Chairman);
- Mohammed Said Awadh Al Abri; and
- Abdulaziz Mohammed Zahir Al Hinai.

Conflicts

There are no conflicts of interest between the private interests or other duties of the Board of Directors members listed above and their duties to the Trustee. The address of each of the Board of Directors is the registered office of the Trustee.

Accounting and Administrative Service Provider

Maqbool H. Moosa Yousuf Auditors (MHMY) is a professional services firm incorporated in Oman. It is registered with the Ministry of Commerce and Industry and accredited with the CMA and is a member of the International Association of Public Accountants. MHMY has been in practice since 1990.

OVERVIEW OF OMAN

Introduction

Oman is the second largest country by geographical area among the states of the GCC region after Saudi Arabia. It is spread over a land area of 309,500 square kilometres and is strategically positioned in the Middle East between Asia and Europe, bordering the Arabian Sea, Gulf of Oman and Persian Gulf and neighbouring Yemen, Saudi Arabia and the United Arab Emirates. Oman is divided into 11 main Governorates, which are subdivided into a total of 61 provinces or Wilayats. Muscat is the business and political capital of Oman. Other prominent cities are Salalah, Sohar, Sur, Nizwa and Khasab. Arabic is the national and official language, but the use of English is widespread, especially in business transactions



History and Development

Oman has long been a centre of trade and commerce, historically focusing on maritime trade (from the seventh century to the 15th century) and agriculture (from 1856 to the late 1960s). From the seventh to the 15th century, Oman's maritime trade flourished and Omani ships regularly called at ports in Persia (modern Iran), India and South East Asia. In 1507, the Portuguese occupied Muscat and established several outposts along the Omani coast. In 1650, Sultan bin Saif al Yarubi reconquered Muscat and established Oman as an independent state with colonial possessions in East Africa. Between 1804 and 1856, under the rule of Sayyid Said bin Sultan, Oman's influence reached Zanzibar and other parts of East Africa in addition to provinces in Persia and Baluchistan (part of modern Pakistan). At that time Oman developed relations with the United States, sending a special envoy in 1840, the first Arab emissary to that country. Oman also established relations with the United Kingdom, France, Holland and other countries. After the death of Sayyid Said bin Sultan in 1856, Oman and Zanzibar were divided between

his two sons. Subsequent rulers of Oman became increasingly dependent on the financial support of the British Empire and Oman's share of international commercial activity declined. With the decline of international trading activity, economic and social development slowed as Oman became principally an agricultural economy. This situation lasted until the late 1960's when commercial reserves of oil were discovered in Oman. In 1970, His Majesty Sultan Qaboos bin Said, the fourteenth hereditary ruler of a family that has ruled Oman continuously since the 1740's, replaced his father, Sultan Saeed bin Taimur, as ruler of Oman.

Since the discovery of oil, its extraction and exportation has served as the backbone of Oman's economy and is the principal contributor to government revenues, exports and GDP. Under the leadership of His Majesty Sultan Qaboos, oil production in Oman has increased dramatically. The Government of Oman has used oil revenues to fund significant capital investment in infrastructure and social programs, including health care and education. As a result of these investments, Oman has undergone a dramatic transformation in its standards of living. Nominal GDP increased from an estimated U.S.\$354 per capita in 1970 to U.S.\$16,910 per capita in 2015. In 1970, Oman had approximately ten kilometres of paved roads, three boys schools and a single United States missionary hospital together with approximately twelve rural clinics or dispensaries. In 2014, there were approximately 34,557 kilometres of paved roads, and in 2015 there were 1,647 government schools for boys and girls, as well as the Sultan Qaboos University and 70 hospitals and 205 health centres.

Since the mid-1970s, the Government of Oman has used short and long-term development plans to effect economic growth. The long-term development plan entitled "Vision 2020" (adopted in June 1995) focuses on reducing Oman's dependence on oil and diversifying economic activity by increasing activity in non-oil sectors, for example, infrastructure, manufacturing, transportation and logistics, tourism, fisheries and mining. All subsequent development plans address the implementation of this strategy, including, most recently, the Ninth Five Year Development Plan (2016-2020) (see *"The Economy of Oman — Vision 2020, Vision 2040 and Five Year Plans"*).

Population

As of 31 December 2016, the total population of Oman was reported by the National Centre for Statistics and Information to be approximately 4.55 million, of which 54 per cent. were Omani nationals and 46 per cent. were expatriates. The total labour force in Oman was estimated to be approximately 2.07 million at the end of 2016, of which 1.8 million workers were employed in the civil sector (both public and private). Of those employed in the civil sector, approximately 12 per cent. were Omani nationals and 88 per cent. were expatriates. As of 31 December 2016, approximately 21.9 per cent. of the population in Oman was under 15 years old and 4 per cent. was 65 years and older. As of 2015 life expectancy at birth was 76.4 years. For comparison, the Labour Force Statistics division of the OECD reports that 18.4 per cent. of the population of OECD nations was under 15 years old and 15.2 per cent. was 65 years and older at the end of 2012. Oman has a Human Development Index of 0.793 according to the 2015 Human Development Report by the United Nations Development Programme, ranking 52nd out of 188 countries, in the "High Human Development" category.

Government Organisation and Political Background

Oman is an absolute monarchy. His Majesty Sultan Qaboos bin Said is the head of the Government of Oman and the Chief of State, and he has the power to issue laws by Royal Decree. All Royal Decrees, international treaties, agreements and charters signed or approved by His Majesty become law from the date of their publication in Oman's Official Gazette. On 6th November 1996, His Majesty issued Royal Decree No. 101/96 promulgating the Basic Law of the State (the "**Basic Law**"). The Basic Law serves as the constitution of Oman and sets forth its system of governance as well as establishing certain basic rights of Omani citizens. In addition, the Basic Law provides that all natural resources are the property of the State and that any concessions granted to exploit or otherwise invest in such natural resources may only be granted for a specified period. The Basic Law also provides for a Prime Minister, although this position, as well as the positions of Ministers of Defence, Finance and Foreign Affairs, Chairman of the Board of Governors of the Central Bank and commander-in-chief of the armed forces, are currently held by His Majesty Sultan Qaboos.

The Council of Oman (Majlis Oman) implements general state policies and is split into two chambers: the upper chamber, the State Council (Majlis Al Dawla), and the lower chamber, the Consultative Council (Majlis Al Shura). The State Council has only advisory powers and its members are appointed by His

Majesty. Members of the Consultative Council are elected democratically for a term of four years. One representative from each region (Wilayat) is elected, or two candidates in the case of Wilayats with a population of 30,000 or more. The last elections were held in October 2015 and are scheduled to be next held in October 2019. In recent years, steps have been taken by His Majesty to promulgate constitutional changes to the Basic Law and further diversify decision-making powers. In 2011, His Majesty issued Royal Decree 39/2011, which granted greater powers to both the Consultative and State Councils, most notably granting legislative and monitoring powers to the Consultative Council.

Regional authority in Oman is divided among 11 Governorates (Muhafazah), each of which is administered by a Governor appointed by His Majesty. Below the Muhafazah, there are 61 Wilayats administered by executives (Walis) appointed by the Minister of Interior.

For commercial matters, three court levels exist in Oman: the lowest court is the Primary Court, followed by the Court of Appeal, and then the Supreme Court. Specialist courts include the Administrative Court, which has jurisdiction over cases contesting decisions of the Government of Oman, the Sharia Court, which has jurisdiction over all civil and family cases, and the Magistrate Court, which has jurisdiction over criminal cases. The judiciary in Oman is guaranteed independence pursuant to the Basic Law, though it ranks subordinate to the powers granted to His Majesty. The Basic Law also states that Islam is the state religion of Oman and that Islamic Sharia law is the basis of legislation in Oman.

The Basic Law acknowledges rights to free speech, free press and assembly subject to certain limitations. Nevertheless, there are no political parties in Oman and the domestic media is controlled by the Government of Oman. Foreign press is available in Oman although it is subject to censorship.

His Majesty Sultan Qaboos has not designated a successor nor indicated who the potential successors might be. The Basic Law provides that, should the throne fall vacant, a council composed of members of the royal family (the "**Ruling Family Council**") shall, within three days of a vacancy, determine the successor to the throne, who shall be a male descendant of Sultan Sayyid Turki bin Said (the great-great grandfather of His Majesty Sultan Qaboos). If the Ruling Family Council does not agree on the choice of the successor to the throne, a council consisting of the Defence Council, the Chairman of Majlis Al Dawla, the Chairman of Majlis Al Shura and the Chairman of the Supreme Court along with two of his most senior deputies shall confirm the appointment of the person designated by the previous Sultan by letter to the Ruling Family Council.

Foreign relations and international organizations

Oman pursues an independent foreign policy with the aim of fostering good relations with its neighbours as well as other countries, in particular, the United States, the European Union and member countries of the Organization for Economic Cooperation and Development. Historically, Oman has acted independently from the other Arab gulf states in regional disputes and, on occasion, has acted as a neutral mediator. For example, Oman played a key role from 2009 to 2011 in securing the release of U.S. citizens who had been detained by Iranian border guards by brokering negotiations with U.S. and Iranian officials and paying the detainee's bail. Oman's approach to foreign relations is both non-confrontational and pragmatic. As a result, Oman has enjoyed political and economic stability for the last 40 years.

Oman is a member of the United Nations, the World Bank, the International Bank for Reconstruction and Development and the International Monetary Fund. In November 2000, Oman became a full member of the World Trade Organization, resulting in, amongst other developments, the liberalisation of its foreign investment and taxation laws. In October 2015, Oman became a founding member of the Asian Infrastructure Investment Bank, an international financial institution composed of 50 member states that aims to support the building of infrastructure in the Asia-Pacific region.

Regionally, Oman is a founding member of the GCC, which includes Saudi Arabia, Kuwait, Bahrain, the UAE and Qatar, and has also been a member of the GCC's Permanent Committee for Petroleum Cooperation, which has prepared the long-term petroleum strategy for the GCC since May 1981. Although not a member of the Organization of the Petroleum Exporting Countries ("**OPEC**"), Oman co-ordinates with OPEC regarding oil production, and most recently attended the December 2016 OPEC meeting in Vienna, Austria, where Oman committed to a reduction of oil production by 5 per cent. (or approximately 45,000 barrels) which started in January 2017 and is ongoing as of the date of this Prospectus. Oman joined the Arab League in 1971 and the Organization of the Islamic Conference in 1972. Oman is also an active member of Islamic Development Bank.

Oman maintains good relations with Iran and has attempted to mediate between Iran and other countries in the region and internationally. For example, in November 2014, Muscat hosted nuclear talks between Iran and the United States, which helped provide a foundation for continuing negotiations.

Oman and the United States entered into a free trade agreement in 2006 that came into force in 2009, and also cooperate on a range of military and environmental matters.

Oman maintains relations with the European Union on a bilateral basis through its ambassador to the European Union as well as collectively in the context of GCC-European Union relations through the GCC ambassador in Brussels. Oman also maintains good bilateral relations with the European Union member states, including, among others, the United Kingdom, France, Germany, the Netherlands and Spain.

Oman has also developed significant trade relations with multiple countries in Asia over the past several decades. China is Oman's leading destination for its oil exports, with Taiwan, Thailand, Japan, South Korea, India, Singapore and Sri Lanka also receiving a significant share of Omani oil exports.

Defence and National Security

Oman's participation in the GCC and its close relations with the United Kingdom and the United States underpin its security. The United Kingdom retains a close connection with Oman's armed forces, particularly its air force, which is largely equipped with United Kingdom-made aircraft and employs British contract officers. In addition, Oman has had an agreement with the United States since 1980 that allows the United States' military forces to have access to bases in Oman.

The armed forces participate in regular joint military exercises with the armed forces of other GCC countries. Defence and national security (which includes police forces and other dual civil/military expenditures) accounted for OMR 4,054.9 million, approximately 31.4 per cent. of total government consolidated expenditures, in 2016. Defence and national security are budgeted to receive OMR 3,340 million in the 2017 budget, which amounts to approximately 28.5 per cent. of total government consolidated budgeted expenditures

Education and Health Policies

Since the early 1970s, a major objective of His Majesty has been to provide education for all in Oman. Education in Oman is provided free of charge up to the end of secondary education. In 1970, there were only three formal schools with 900 students in the entire country. Oman's national educational program expanded rapidly in the following decades. In 2015, approximately 724,395 students attended 1,647 government schools for boys and girls. The number of students in private schools is 101,860. There are also extensive programmes to combat adult illiteracy and 93.6 per cent. of males and 85.6 per cent. of females were estimated to be literate as of 2015. Sultan Qaboos University was founded in 1986, and in 2015 it had approximately 15,357 students.

Access to healthcare has been another main objective of His Majesty. In 1970, Oman had a single United States missionary hospital together with approximately twelve rural clinics or dispensaries. In 2015, there were approximately 70 hospitals and 205 health centers. From 2002 to 2015, the number of medical doctors in Oman increased by 81 per cent. from 3,536 to 6,393. Oman was ranked amongst the top ten performers by the World Health Organisation (WHO) in 2000 for accomplishments in improving health system performance outcomes.

The Ministry of Health is responsible for ensuring the availability of health care in Oman. It develops policies and plans, and implements these in coordination with all of the health sector's constituents. The public sector runs the vast majority of hospitals and hospital beds, and employs most doctors and nurses. The Ministry of Health is also the principal provider of preventive and rehabilitative services. Life expectancy at birth in Oman has increased from approximately 50 years in 1970 to 76.4 at the end of 2015.

THE ECONOMY OF OMAN

General

Oman is classified by the World Bank as an upper middle income developing country, with a GDP of U.S.\$16,910 per capita on a nominal basis in 2015. The IMF projects that Oman's nominal GDP per capita on a PPP basis will be U.S.\$46,480 in 2017. The production and export of crude oil and natural gas is the principal activity of the Omani economy, contributing 27.4 per cent. of nominal GDP in 2016 and 34.1 per cent. of nominal GDP in 2015. As such, the performance of the petroleum industry may directly affect industries that are tangential to, or reliant on, the petroleum industry as well as having more indirect effects on the economy as a whole, such as reductions in consumer purchasing power or mobility. In addition, petroleum activities are the principal source of government revenues (approximately 71.7 per cent. of total government revenues in 2016) and, therefore, indirectly affect the performance of the non-oil sectors of the economy through their effect on Government allocation of its expenditure in those sectors. As a result, fluctuations in the price of oil is the major contributing factor to Oman's economic performance. The economy's vulnerability to oil price movements as well as the finite nature of oil reserves have led the Government of Oman to exploit significant gas reserves, to promote investment in the non-oil and gas sectors of the economy and to implement policies and procedures to husband and replenish its financial reserves.

Oman's economic development is coordinated through a series of five year development plans. Specifically, each five year development plan sets forth the parameters within which annual national budgets are determined (including the permitted level of budget deficits and level of withdrawals from the general reserves to meet such deficits) (see "*Vision 2020, Vision 2040 and Five Year Plans*"). Withdrawals from reserves exceeding budgeted amounts must be specifically authorised by Royal Decree of His Majesty.

In 1980 Oman created the SGRF, which receives contributions from Oman's oil revenues and primarily invests them internationally in both public markets (which include equity, fixed income and money markets) and in private markets (which include private equity and real estate). The SGRF also promotes the diversification of Omans' economy, primarily with investments through select partnerships with foreign partners in the logistics, health, food, mining and hospitality industries in Oman. Withdrawals from the SGRF are permitted to finance the budget deficit. Total assets in the SGRF amounted to OMR 8,387.4 million as of 31 December 2016 as compared to OMR 9,659.5 million as at 31 December 2015 due to transfers to the Ministry of Finance in line with the 2016 budget for the purposes of deficit reduction. The SGRF's Board of Directors is responsible for oversight of the SGRF's activities. The SGRF's regulations and policies are supervised by the Financial Affairs and Energy Resources Council ("**FAERC**"), which is chaired by His Majesty and includes cabinet members and the deputy chairman of the Central Bank of Oman.

Oman also has created a number of other funds which receive contributions from Oman's oil revenues, including: the Petroleum Reserve Fund, which funds hydrocarbon investment within and outside Oman, and whose assets amounted to approximately OMR 127.9 million as of 31 December 2016 following its transfers of OMR 99.9 million, OMR 461.2 million and OMR 691.8 million to OOC in 2015, 2014 and 2013, respectively (with no transfers being made in 2016); OIF, which funds investment in domestic and international projects and whose assets amounted to approximately OMR 1,450.8 million (of which OMR 415 million was invested abroad) as of 31 December 2016; the IPF/Infrastructure Development Account, which is primarily intended to ensure availability of sufficient funds for infrastructure related projects however in 2016 withdrawals of OMR 255.3 million were made to help finance the government deficit, and whose assets amounted to OMR 108.8 million as of 31 December 2016.

Vision 2020, Vision 2040 and Five Year Plans

Vision 2020

Since 1996, the five year development plans have focused on diversification of the economy. In accordance with the Government of Oman's "Vision 2020" plan (adopted in June 1995), the Government of Oman aims to reduce, by 2020, the oil and gas sector's contribution to GDP by encouraging investment in non-oil and gas industries and services. The Eighth Five Year Plan for 2011 through 2015 aimed to contribute to this diversification of the Oman economy by increasing spending on key infrastructure projects, such as further developing the ports at Salalah, Duqm and Sohar, and upgrading the airports in

Muscat and Salalah. In particular, the Government of Oman focused on development of the Duqm Special Economic Zone (established by Royal Decree in October 2011), which is intended to become a multi-sector industrial and economic hub for power, water desalination and distribution, petrochemicals, warehousing and logistics, light industry, tourism, fisheries and fish processing (as well as the necessary interconnecting infrastructure, including a port, an airport, a railway network and a road system). To the extent that projects commenced under the Eighth Five Year Plan have not yet been completed, the Government is committed to finishing them as part of its expenditure during the Ninth Five Year Plan.

Vision 2040

His Majesty the Sultan has issued royal orders to set up the main committee for the formulation of Oman's "Vision 2040" plan under the chair of Sayyid Haitham bin Tariq al-Said, Minister of Heritage and Culture. The main committee will draft, develop and finalize the Vision 2040 document, while ensuring community-wide consensus and participation. The Vision 2040 plan is intended to address the future in an objective manner so as to be capable of being used as a basic reference and manual for planning during the next two decades.

The Ninth Five Year Plan

The Ninth Five Year Plan for 2016 through 2020, which is the final five year development plan for the implementation of the Vision 2020 objectives, aims to promote economic diversification and the growth of the private sector. Five key non-oil and gas industries are being targeted to provide increased growth in order to support these objectives, namely manufacturing, transportation and logistics, tourism, fisheries and mining. Together, these five sectors are projected to positively increase their contribution to annual GDP growth by 2020.

In manufacturing, the Government of Oman aims to increase the manufacturing sector's share of GDP to 10 per cent. of total GDP by 2020. The Government of Oman's major ongoing project within the sector is the Liwa Plastic Industries Complex, which is expected to commence operations in 2019. This plant will enable Oman to produce polyethylene. The project is expected to create around 13,000 jobs (1,000 direct, 12,000 indirect), to contribute approximately 2 to 3 per cent. to GDP and to increase ORPIC's contribution to GDP to 9 per cent. by 2020. The total cost of the project is expected to be approximately U.S.\$6.4 billion, which is expected to be financed by a combination of the U.S.\$3.8 billion of debt from international and local financial institutions raised in 2016 and U.S.\$2.6 billion of equity funding (including pre-completion revenues generated from the project).

In transportation and logistics, the Government of Oman believes that Oman's geographical location makes it well-placed to act as a business and logistic hub, and Oman continues to focus on establishing itself as a major international shipment centre for traffic from and to Europe, Asia and Africa. One of the Government of Oman's key goals is to place Oman within the top 30 out of 160 in the World Bank Logistic Performance Index by 2020 (Oman is currently ranked 59). The country is particularly well placed to act as a redistribution point for east and central Africa. Oman's Logistics Strategy 2040 aims to improve efficiency and reduce costs in handling shipments. Moreover, the strategy aims to double employment in the sector by 2020 to 80,000 jobs. It also looks to double the industry's contribution to the economy to OMR 3 billion by 2020. The Ninth Five Year Plan targets annual average growth of 5 per cent. from 2016 to 2020 in the transportation, storage and telecom sectors.

In tourism, the Government of Oman expects the tourism sector's direct contribution to Oman's GDP to increase by 150 per cent. from around 2.8 per cent. in 2015 to 4.4 per cent. by 2020, and more than 100,000 jobs are expected to be created within the sector by 2024. The strategy for growing tourism in Oman is based on two strategic principles. First, having a concentration of tourist facilities in one location, and second, offering a distinctive tourist experience. In terms of improving facilities, there are around 39 projects in various stages of design, construction or tendering, including the Oman Exhibition and Convention Centre, Wadi Bani Habib and the Al Hoota Cave redevelopment, the Duqm frontier town and the Ras Al Hadd development. As for providing a distinctive tourist experience, Oman's emphasis on archaeology, conservation and natural beauty is a key distinguishing factors from its neighbours.

In fisheries, the Government of Oman's current focus is to boost fisheries production from approximately 200,000 tonnes per year in 2015 to around 480,000 tonnes per year by 2020, as well as to create an additional 20,000 jobs. By 2020, the direct return from fishing and fish processing activities is expected to be around OMR 739 million. Key projects within the sector include the Duqm Fishery Harbour, which is

expected to benefit from investments of approximately OMR 100 million, as well as the adjoining industrial fisheries cluster.

In mining, the new mining law proposed at the end of 2015, and whose final draft is currently under review for approval by the Council of Oman (with their approval expected in the second half of 2017), is expected to reduce regulatory procedures and attract additional investments in the sector. Moreover, the recent discovery of reserves of minerals including gold, copper and rare earths is expected to boost the growth of the mining sector in the coming years. The Ninth Five Year Plan targets annual average growth of 6 per cent. from 2016 to 2020, albeit from a low base, in the mining sector. The contribution to GDP from mining and quarrying increased from 0.4 per cent. from 2014 to 0.5 per cent. in 2016.

In order to achieve the targets described above, the Government of Oman has launched Tanfeedh, which aims to identify opportunities as well as challenges facing the public and government sectors and the civil community through discussions, implementation and monitoring. Tanfeedh aims to outline detailed measurable strategies, designate responsibilities, resources, implementation timeframes and KPIs, in order to execute the diversification plan and to overcome identified challenges. While the Ninth Five-Year Plan targets the five sectors for economic diversification discussed above (manufacturing, transportation and logistics, tourism, fisheries and mining), Tanfeedh focuses, at present, on manufacturing, logistics and tourism, while at the same time also focusing on enhancing Oman's labour market and finance industry as "community and sustainability enablers" of economic diversification.

In addition, in connection with the Ninth Five Year Plan, the Government of Oman aims to reduce non-core expenditures in favour of targeted investments, including by reducing fuel subsidies, freezing government employment, deferring non-essential projects and reducing expenditure on non-essential transport for government officials. The Ninth Five Year Plan also contemplates increasing non-oil and gas revenues through various measures, including increasing corporate tax rates to 15 per cent. and reducing exemptions, increasing the efficiency of tax and custom collection, imposing a value-added tax on goods and services in co-ordination with the GCC, imposing other select excise taxes (e.g. alcohol), increasing various administrative fees (including on property transactions) and increasing electricity and water tariffs. For further discussion of the strategies to reduce expenditures and increase revenues, see *"Public Finance—2016 and 2017 State General Budgets"*.

Gross Domestic Product

Reflecting the persistent low crude oil prices in the global markets and sluggish global growth, Oman's slowdown in economic activity started in 2014 and continued during 2016. Consequently, nominal GDP during the year ended 31 December 2016 decreased 5.1 per cent as compared to the year ended 31 December 2015. Nominal GDP decreased 19.0 per cent. from 2014 to 2016.

Despite its diversification efforts, Oman's economy continues to be dominated by petroleum activities, which accounted for 27.4 per cent. of nominal GDP during the year ended 31 December 2016 as compared to 34.1 per cent. of nominal GDP during the year ended 31 December 2015. While average daily crude oil production was higher in 2016 as compared to previous years, the collapse in global oil prices that began in 2014 resulted in a decrease during the year ended 31 December 2016 of 23.7 per cent. in the nominal GDP contributed by the oil and gas sector as compared to the year ended 31 December 2015, while nominal GDP contributed by the oil and gas sector decreased 14.6 per cent. during the year ended 31 December 2015 as compared to the year ended 31 December 2014. Nominal GDP contributed by the non-oil sector increased slightly by 0.6 per cent. during the year ended 31 December 2016 as compared to the year ended 31 December 2015, while nominal GDP contributed by the non-oil sector increased slightly by 1.3 per cent. during the year ended 31 December 2015 as compared to the year ended 31 December 2014, with increases in construction, mining and quarrying, electricity and water supply and agriculture and fishing partially offset by a decrease in manufacturing and services (see table below). According to estimates prepared by the IMF in April 2017, Oman's real GDP was forecasted to grow by 3.1 per cent. in 2016 and 0.4 per cent. in 2017. Although oil continues to play an important role in Oman's economy, the Government continues to focus on manufacturing, transportation and logistics, tourism, fisheries and mining as part of its Ninth Five Year Plan. Oil prices are expected to continue to negatively impact government revenues as compared to the impact that they had in the years prior to 2015.

The following table sets forth nominal GDP by economic activity for each of the six years ended 31 December 2016:

Gross Domestic Product by Economic Activity

	For the year ended 31 December						Per cent. change 2015-2016)
Activities	2011	2012	2013	2014	2015*	2016**	
(OMR millions, except percentage)							
1. Industry (1.1 + 1.2).....	18,716.2	20,660.5	20,702.5	20,546.8	14,893.5	12,120.8	(18.6)
1.1 Petroleum Activities.....	13,888.8	15,350.2	15,205.8	14,840.0	9,157.3	6,988.8	(23.7)
– Crude Petroleum.....	12,875.2	14,239.1	14,047.0	13,780.1	7,999.0	5,799.2	(27.5)
– Natural Gas.....	1,013.6	1,111.1	1,158.8	1,059.9	1,158.3	1,189.6	2.7
1.2 Non-Petroleum Industrial Activities.....	4,827.4	5,310.3	5,496.7	5,706.8	5,326.6	5,132.0	0.6
– Mining and Quarrying.....	98.8	100.9	114.7	124.5	132.4	139.6	5.4
– Manufacturing.....	2,979.9	3,143.5	3,138.8	3,151.9	2,607.0	2,159.1	(17.2)
– Electricity and Water Supply.....	301.9	318.9	346.2	376.2	520.2	548.3	5.4
– Construction.....	1,446.7	1,747.0	1,897.0	2,054.3	2,067.1	2,285.1	10.5
2. Agriculture and Fishing.....	327.9	341.3	371.2	406.1	435.2	506.0	16.3
3. Services.....	8,956.0	10,378.0	11,330.4	12,814.5	13,408.9	13,644.2	1.8
– Wholesale and Retail Trade.....	1,776.6	1,963.0	2,042.3	2,083.6	2,291.8	1,909.2	(16.7)
– Hotels and Restaurants.....	170.3	218.8	238.2	258.7	249.8	249.1	(0.3)
– Transport, Storage and Communication.....	1,226.2	1,378.9	1,469.2	1,574.7	1,548.7	1,425.0	(8.0)
– Financial Intermediation.....	1,091.5	1,273.5	1,383.4	1,511.7	1,503.6	1,558.0	3.6
– Real Estate and Business Activities.....	1,030.5	1,090.8	1,155.1	1,230.5	1,274.2	1,353.0	6.2
– Public Administration and Defence.....	1,933.7	2,472.2	2,764.6	3,163.9	3,408.2	3,794.9	11.3
– Other Services (Education, Health, Community/Personal Services and Private Household).....	1,727.1	1,980.8	2,277.6	2,991.5	3,132.7	3,355.2	7.1
4. Total Non-Petroleum Activities (1.2 + 2 + 3).....	14,111.3	16,029.6	17,198.3	18,927.4	19,170.7	19,282.3	0.6
5. Less Financial Intermediation Services Indirectly Measured.....	533.6	589.0	612.6	640.3	676.3	763.4	12.9
6. Gross Domestic Product at Producers Prices (1.1 + 4-5).....	27,466.4	30,790.7	31,791.5	33,127.1	27,651.7	25,507.7	(7.8)
7. Plus: Taxes Less Subsidies on Products.....	(1,344.4)	(1,437.5)	(1,730.2)	(1,676.3)	(801.4)	(17.8)	97.8
8. Gross Domestic Product at Market Prices (6 + 7).....	26,122.0	29,353.3	30,061.3	31,450.8	26,850.3	25,489.8	(5.1)

*

Provisional

**

Preliminary

* Provisional
** Preliminary

Gross Domestic Product by Key Economic Activity

The following table sets forth the real economic growth indicators for each of the four years ended 31 December 2015:

Real Economic Growth Indicators (Base 2010)

	For the year ended 31 December			
	2012	2013	2014*	2015**
<i>(Percentage change, unless otherwise indicated)</i>				
Real GDP	7.1	3.9	2.9	3.6
Real Petroleum GDP	3.0	2.4	(2.4)	4.5
Real Non Petroleum GDP	10.1	6.2	4.6	2.6

* Provisional
** Preliminary
*** Projected estimate

The following table sets forth the real GDP by economic activity for each of the five years ended 31 December 2015.

Gross Domestic Product (GDP) by Economic Activity at Constant Prices (Base 2010)

	For the year ended 31 December					
Economic Activity	2011	2012	2013*	2014*	2015**	Per cent. change 2014-2015)
(OMR millions)						
1. Total Petroleum Activities.....	10,597.5	11,008.0	11,212.8	11,096.5	11,564.7	4.2
1.1 Crude Petroleum.....	9,716.8	10,120.7	10,295.5	10,228.7	10,685.2	4.5
1.2 Natural Gas.....	880.8	887.3	917.3	867.8	879.5	1.3
2. Total Non Petroleum Activities.....	13,321.9	15,007.9	16,027.9	16,944.3	17,485.7	3.2
2.1 Agricultural & Fishing.....	310.1	318.2	364.5	371.0	387.0	4.3
A. Agriculture.....	203.7	189.6	226.0	229.3	232.9	1.6
B. Fishing.....	106.4	128.5	138.4	141.7	154.2	8.8
2.2 Industry Activities.....	4,190.9	4,599.6	4,774.7	4,874.1	5,180.8	6.3

For the year ended 31 December						
Economic Activity	2011	2012	2013*	2014*	2015**	Per cent. change 2014-2015)
(OMR millions)						
C. Mining and Quarrying.....	86.6	88.0	89.3	100.0	111.8	11.8
D. Manufacturing.....	2,417.7	2,461.0	2,583.6	2,505.6	2,584.2	3.1
– Manufacturing of Refined Petroleum Products	72.0	71.1	76.5	80.7	84.9	5.2
– Manufacturing of Chemicals and Chemical Products.....	1,302.2	1,262.7	1,299.6	1,196.3	1,240.4	3.7
– Other Manufacturing.....	1,043.5	1,127.2	1,207.5	1,228.6	1,258.9	2.5
E. Electricity and Water Supply	308.5	347.2	422.8	478.3	509.2	6.5
F. Building and Construction.....	1,378.1	1,703.5	1,679.1	1,790.1	1,975.5	10.4
2.3 Services Activities	8,820.8	10,090.1	10,888.7	11,699.3	11,915.5	1.8
G. Wholesale and Retail Trade.....	1,728.6	2,046.7	2,130.3	2,158.2	2,184.0	1.2
H. Hotels and Restaurants.....	166.2	192.6	219.7	234.2	240.7	2.8
I. Transport Storage and Communication.....	1,286.1	1,431.3	1,510.2	1,651.5	1,669.5	1.1
J. Financial Intermediation.....	1,060.7	1,153.1	1,251.6	1,375.8	1,447.5	5.2
K. Real Estate & Business Activities.....	1,004.1	1,044.9	1,095.5	1,121.4	1,165.0	3.9
L. Public Administration & Defence.....	1,884.8	2,340.5	2,596.1	2,658.1	2,679.2	0.8
M. Education.....	996.8	1,111.1	1,200.5	1,425.3	1,436.6	0.8
N. Health.....	366.3	421.1	489.5	624.0	628.9	0.8
O. Other Community, Social and Personal Services.....	254.5	265.0	294.9	345.1	347.8	0.8
P. Private Household with Employed Persons	72.5	83.7	100.4	105.7	116.6	10.3
Financial Intermediation Services Indirectly Measured	(510.5)	(557.1)	(577.2)	(647.6)	(695.3)	7.3
GDP at Basic Prices	23,409.0	25,458.7	26,663.5	27,393.2	28,353.1	3.5
Plus: Taxes less Subsidies on products.....	(1,110.8)	(1,079.8)	(1,218.5)	(1,301.5)	(786.5)	(39.6)
GDP at Market Prices	22,298.1	24,378.9	25,445.1	26,091.8	27,566.6	5.7

* Provisional

** Preliminary

*** Projected estimate

Source: National Center for Statistics & Information and Supreme Council for Planning

The following table sets forth the activity components of GDP, as an approximate share of total GDP, for each of the years ended 31 December 2015 and 2016:

Nominal Gross Domestic Product by Key Economic Activity

	Year ended 31 December	
	2015*	2016**
(per cent. share of GDP)		
Total Petroleum Activities.....	34	27
Construction.....	8	9
Wholesale and Retail Trade.....	8	8
Public Administration and Defence	13	15
Other Activities.....	37	41

* Provisional

** Preliminary

Source: National Center for Statistics & Information

PRINCIPAL SECTORS OF THE ECONOMY

Oil and Gas Sector

Overview

The following table below sets forth a general overview of Oman's oil and gas sector as at 31 December 2016.

Oman Oil and Gas Snapshot

Crude oil and condensate reserves	5.4 billion barrels (as at 31 December 2015)
Average daily crude oil and condensate production	1,004.3 thousand bbl/d (year ended 31 December 2016) ⁽¹⁾
Gas reserves	23.0 tcf (as at 31 December 2015)
Average daily gas production.....	3.75 bcf/d (year ended 31 December 2016) ⁽¹⁾

⁽¹⁾ Preliminary.

Source: Ministry of Oil and Gas.

Oman is the largest non-OPEC crude oil producer in the Middle East, with crude oil and condensates output increasing to 1,004.3 thousand bbl/d for the year ended 31 December 2016 from 981.1 thousand bbl/d year for the ended 31 December 2015 and 944.0 thousand bbl/d for the year ended 31 December 2014. However, in January 2017, Oman began to reduce oil production by 5 per cent. (or

approximately 45,000 barrels) in line with commitments agreed upon at the December 2016 OPEC meeting in Vienna, Austria. This reduction is still ongoing as of the date of this Prospectus. DME Oman is the third of three global crude oil benchmarks and sets the benchmark export price for crude oil produced in Oman and Dubai. Oman's competitive advantages in the oil and gas sector include a stable operating environment and a collaborative government that offers Exploration and Production Sharing Agreements ("EPSAs") with commercial terms negotiated through an open auction process. As a result of these factors, the Ministry of Oil and Gas has been successful in attracting a number of international players to explore and develop its acreage, with 30 oil companies operating development or exploration acreage in Oman. However, Petroleum Development Oman L.L.C. ("**PDO**"), in which the Government of Oman holds a 60 per cent. stake (for further details, see "*Oil and Gas Sector – Crude Oil and Gas Operations*"), still operates the majority of the producing acreage positions in the country and accounts for approximately 80 per cent. of Oman's combined oil and gas production for the year ended 31 December 2016.

The first commercial discoveries of oil and gas in Oman were made in 1964 in the Fahud region of northern Oman. Oil production has been the cornerstone of the economy of Oman since that time, providing both the principal source of government revenues and foreign exchange receipts as well as the stimulus for extensive economic, industrial and social change. For the years ended 31 December 2016 and 2015, the oil and gas industry accounted for 27.4 per cent and 34.1 per cent., respectively, of nominal GDP. Revenues from petroleum activities generated 71.7 per cent. and 82.1 per cent., respectively, of total consolidated government revenues the years ended 31 December 2016 and 2015, respectively, and accounted for 59.5 per cent. and 59.4 per cent. the total value of merchandise exports (including re-exports) for the year 31 December 2016 (on an annualised basis) and the year ended 31 December 2015, respectively.

The following table below sets forth Oman's average daily hydrocarbon production for the five years ended 31 December 2016.

	Year ended 31 December				
	2012	2013	2014	2015	2016
Oil and Condensates (thousand bbl/d).....	918.5	941.9	944.0	981.1	1,004.3
Natural Gas (million m ³ /d)	98.2	101.8	97.8	103.6	106.1
Natural Gas (thousand boe/d)	597.5	619.6	595.2	630.5	667.3
Total (thousand boe/d)⁽¹⁾	1,516.0	1,561.5	1,539.2	1,611.6	1,671.6

Note: Totals may not add up due to rounding factor.
Source: Ministry of Oil and Gas.

The increase in crude oil production from 2012 to 2016 largely resulted from the use of enhanced oil recovery techniques, such as polymer, miscible and steam (gas or solar-generated) injection, for which Oman is a leading proponent in the MENA region. PDO operates Block 6, which is the centre of current enhanced oil recovery operations and includes fields using several of the above enhanced oil recovery techniques: the Marmul field (polymer), Harweel field (miscible), Qarn Alam field (steam), and Amal-West field (solar). Oman's natural gas production increased to 667.3 thousand boe/day for the year ended 31 December 2016 from 630.5 thousand boe/day for the year ended 31 December 2015 and 595.2 thousand boe/day for the year ended 31 December 2014.

Crude Oil and Gas Operations

Oman does not have a state oil company. The Government accrues revenues from its share in the EPSAs and holds a direct participating interest in only one upstream concession, Block 6. The Government owns 60 per cent. of Block 6, and the remaining 40 per cent. is owned by Private Oil Holdings Oman Ltd. ("**POHOL**"). POHOL is owned by Royal Dutch Shell (85 per cent.), Total (10 per cent.) and Partex Oman Corporation (5 per cent.). POHOL and the Government contracted the operations of Block 6 to PDO, which was established in 1937 as Petroleum Concessions (Oman), a joint venture between Shell Petroleum Oman Ltd, Compagnie Francaise des Petroles (the predecessor of Total S.A.) ("**Total**") and Partex Oman Corporation. Currently, the Government of Oman holds 60 per cent. of the issued and outstanding shares of PDO while, of the remainder, Royal Dutch Shell holds 34 per cent., Total holds 4 per cent. and Partex holds 2 per cent. Block 6 is the main onshore oil concession in Oman, covering approximately 40 per cent. of the country's land acreage, and was responsible for more than 69 per cent.

of Oman's oil production and more than 89 per cent. of Oman's gas production for the year ended 31 December 2016.

The earliest petroleum contracts in Oman were based on a concession-type tax and royalty system in which the concessionaire held rights to all the petroleum produced in the concession area. With the exception of the Block 6 concession, which still operates under a modified tax/royalty regime, this form of contract has been superseded by a relatively standard form of EPSA with commercial terms negotiated on a contract-by-contract basis with the Ministry of Oil and Gas. The terms of cost recovery and production sharing vary depending upon the prospects of the area, the proximity to existing infrastructure and whether the concession is onshore or offshore. Cost recovery provisions generally range from 40 per cent. to 50 per cent. and the Government of Oman generally takes between 70 per cent. to 85 per cent. of oil produced (after deduction of oil to cover costs) under the terms of its EPSAs. The average tenor of the EPSAs is 25 years, with no significant contracts up for renewal in the next 12 months.

The Government of Oman currently has 27 EPSAs with 17 oil and gas companies. Nine of these agreements are in the production phase and 18 agreements are in the exploration stage. Occidental Petroleum Corporation ("Occidental") operates the largest non-PDO concession through four separate concession areas including the EOR development of the Mukhaizna field in the south of the country.

The Government of Oman also owns 100 per cent. of the non-associated gas reserves in PDO's Block 6, which supplies the gas for Oman's LNG plant. Exploration, development and production of these gas assets are undertaken by PDO, on a cost plus basis, on behalf of the Government of Oman. The Government of Oman also holds a majority (51 per cent.) share in the downstream element of Oman's LNG project and a 72 per cent. share in the Qalhat LNG project (see "*Infrastructure – Natural gas infrastructure*").

Exploration and drilling

PDO has dominated exploration activity in the country since 1937. Most of the active licenses in Oman are situated within the four main producing basins of South, Central and West Oman and the Oman Foreland sub-basin in northern Oman. Block 6 extends across all four of these established sub-basins. The majority of the licensing activity is onshore, accounting for over 85 per cent. of active licenses, although there are five active licenses offshore. Other oil companies have experienced difficulty in finding new licensing opportunities due to the fact that PDO operates an extensive concession area.

All unlicensed blocks in Oman are available for oil company participation via EPSAs through direct negotiation with the Ministry of Oil and Gas. The Ministry of Oil and Gas periodically organises licensing rounds in which open acreage is directly marketed to prospective investors. Interested companies may negotiate for opportunities either within or outside official licensing rounds. Licensing activity has increased significantly in recent years, partially due to the re-licensing of relinquished PDO acreage, as well as the Ministry of Oil and Gas's response to falling oil production and rising gas demand. In 2004, PDO's Block 6 concession was extended to 2044 by the Ministry of Oil and Gas. In 2007, BP was selected by the Ministry of Oil and Gas to appraise and develop the Khazzan and Makarem gas fields, located in Block 61 in the Central Oman basin. In 2013, Oman and BP signed a gas-sales agreement and an amended production-sharing agreement for the Khazzan field, with total investment for the full-field development estimated to be around U.S.\$16 billion. The exploration and production sharing agreement was further amended on 8 November 2016 in order to extend the licensing area of the block and enable further development of the Khazzan field (see "*Infrastructure – Natural gas infrastructure*").

95 per cent. of the key exploration and appraisal wells drilled in Oman have been in the primary producing basins in South, Central and West Oman and the Foreland Sub-basin in northern Oman. The remaining wells have been drilled in four other basins, three of which are offshore and one onshore in eastern Oman. PDO's initial exploration and appraisal drilling was focused on the northern areas of Block 6, close to its first discoveries in the Yibal and Fahud fields. Drilling then continued in the Qarn Alam area, directly south of Fahud, where a number of discoveries were made in the early 1970s. Following the discovery of the Marmul field in 1980, PDO increased its drilling in the under-explored areas of southern Oman. In the mid-to-late 1990s the Central Oman sub-basin was the focus of gas exploration and appraisal activity in the Qarn Alam area for reserves to support the Oman LNG project. In recent years, PDO, Occidental, PTTEP and CCED have had relatively successful drilling results in the Central Oman Basin and the Oman Foreland sub-basin.

Hydrocarbon Reserves

Oman's initial reserves are distributed fairly evenly among the South Oman, Oman Foreland, Central and West Oman sub-basins. The South Oman and the Oman Foreland sub-basins contain predominately oil reserves, while the Central and West Oman sub-basins, as well as having significant oil and condensate reserves, contain substantial reserves of both non-associated and associated gas. In 2016, the Government expects that hydrocarbon reserves will remain at similar levels to 2015.

The following table below sets forth Oman's hydrocarbon reserves as at 31 December for the five years ended 31 December 2015.

Oman Hydrocarbon Reserves

	As at 31 December				
	2012	2013	2014	2015	2016*
Oil and Condensates (bnbbl)	5.0	5.3	5.3	5.4	5.1
Natural Gas (tcf)	18.2	25.0	24.3	23.0	21.2
Total (bn boe)	8.2	9.6	9.5	9.4	8.7

* Projected

Note: Totals may not add up due to rounding factor.

Source: Ministry of Oil and Gas.

Oman's total proved oil and condensate reserves as at 31 December 2015 increased slightly to 5,373.1 million barrels as compared to 5,306.2 million barrels as at 31 December 2014 as a result of enhanced oil recovery and production techniques. Oman's main oil fields are now mature and maintaining its oil reserves is expected to depend largely on the extent to which PDO and Occidental Oman (a subsidiary of Occidental Petroleum Corporation) are successful in increasing recovery rates using enhanced oil recovery techniques. The majority of Oman's oil and gas reserves are distributed relatively evenly among the South Oman, Oman Foreland, Central Oman and West Oman sub-basins.

Oman's proved gas reserves decreased to 23.0 tcf at 31 December 2015 from 24.4 tcf at 31 December 2014. These decreases were a result of gas production as well as the categorization of gas volumes and variations in the number of wells and exploratory studies. Almost 85 per cent. of Oman's remaining gas reserves are contained within 10 fields operated by PDO.

For the year ending 31 December 2016, current estimates project oil and condensate reserves to have decreased to 5.1 billion barrels and natural gas reserves to have decreased to 21.2 tcf. This decrease can be attributed to an increase in production during 2016 and proved reserves are expected to improve in 2017 due to on-going projects coming on stream.

Oman is not a member of OPEC although it has reduced production in line with OPEC on several occasions, including starting in January 2017 when Oman began to reduce oil production by 5 per cent. (or approximately 45,000 barrels) in line with commitments agreed upon at the December 2016 OPEC meeting in Vienna, Austria (this reduction is still ongoing as of the date of this Prospectus). Oman is an active member of the GCC's Permanent Committee for Petroleum Co- operation and the Government of Oman believes that its active membership in the GCC since 1981 allows it to participate in the formation of oil policy in the region.

Oil and condensates reserves

At 31 December 2015, PDO's proved oil and condensate reserves increased slightly to 3,490.2 million barrels as compared to 3,450.1 million barrels as at 31 December 2014, principally as a result of enhanced oil recovery and production techniques. Proved reserves in fields operated by other oil companies also increased slightly to 1,882.9 million barrels as at 31 December 2015 as compared to 1,856.1 million barrels as at 31 December 2014, principally as a result of the adoption of enhanced oil recovery and production techniques. Total proved oil and condensate reserves as at 31 December 2015 have increased slightly to 5,373.1 million barrels as compared to 5,306.2 million barrels as at 31 December 2014. For the year ending 31 December 2016, current estimates project oil and condensate reserves to have decreased to 5.1 billion barrels. This decrease can be attributed to an increase in production during 2016 and proved reserves are expected to improve in 2017 due to on-going projects coming on stream.

The following table below sets forth Oman's total proved oil and condensate reserves by company as at 31 December for the five years ended 31 December 2015.

Company	As at 31 December				
	2011	2012	2013	2014	2015
	(mmbbl)				
PDO (Block 6)	3,488.4	3,492.0	3,602.6	3,450.1	3,490.2
Occidental Oman (Block 9)	295.4	229	200.4	218.4	267.5
Occidental Mukhaizna (Block 53)	995.2	979	997.4	1,137.8	1,105.8
Occidental Oman (Block 27)	8.0	8.4	22.1	25.9	11.6
Occidental Oman (Block 62)	—	—	—	0.8	3.7
Daleel Petroleum (Block 5)	145	175.2	191.9	166.7	161.7
CC Energy	—	65.9	102.1	135.9	143.7
D.N.O.	21.2	22.3	13.0	9.6	9.2
PTTEP Oman	2.8	—	1.3	1.5	1.5
Hydrocarbon (Block 7)	2.5	2.5	0.4	0.1	0.4
OOCEP	—	—	19.3	34.5	21.5
BP Oman	—	—	106	24.3	126.3
Total	4,958.5	4,974.3	5,256.5	5,306.2	5,373.1

Note: Totals may not add up due to rounding factor.
Source: Ministry of Oil and Gas.

Natural gas reserves

The vast majority of Oman's remaining proved natural gas reserves are held within PDO's Block 6. Almost 68 per cent. of Oman's remaining proved gas reserves are contained within 10 fields operated by PDO, most of which are in the Qarn Alam area. The deep reservoir of the Saih Rawl field is the country's largest proven non-associated gas field, containing around 40 per cent. of the remaining proved reserves. Gas reserves have the potential to increase significantly if BP's Khazzan-Makarem fields are fully appraised. The in-place volumes at Khazzan and Makarem are estimated to range from 50 to 100 tcf. The significant range in estimates for these projections is a reflection of the uncertainty relating to developing these deep, tight gas fields.

At 31 December 2015, PDO's proved gas reserves decreased to 15.9 tcf as compared to 16.9 tcf as at 31 December 2014. Proved reserves in fields operated by other oil companies decreased slightly to 7.1 tcf as at 31 December 2015 as compared to 7.5 tcf as at 31 December 2014. Total proved natural reserves throughout Oman decreased slightly to 23.0 tcf at 31 December 2015, as compared to 24.4 tcf at 31 December 2014. For the year ending 31 December 2016, current estimates project proved natural gas reserves to have decreased to 21.2 tcf. This decrease can be attributed to an increase in production during 2016 and proved reserves are expected to improve in 2017 due to on-going projects coming on stream.

The following table below sets forth Oman's total proved gas reserves by company for the five years ended 31 December 2015.

Proved Reserves of Natural Gas by Company

Company	As at 31 December				
	2011	2012	2013	2014	2015
	(tcf)				
PDO	17.3	17.3	17.2	16.9	15.9
Occidental Oman (Block 9)	0.5	0.5	0.4	0.3	0.3
Occidental Oman (Block 27)	—	0.03	0.03	0.1	0.1
Occidental Oman (Block 62)	—	—	—	0.2	0.2
Daleel Petroleum	0.1	0.1	—	0.1	0.1
PTTEP Oman	0.1	0.04	0.02	0.03	0.01
OOCEP	—	—	0.4	0.7	0.5
BP Oman	—	—	6.8	5.9	5.9
DNO	0.3	0.2	0.1	0.1	0.1
Total	18.3	18.2	25.0	24.4	23.0

Source: Ministry of Oil and Gas.

Production

Oil and condensates production

Commercial oil production began in Oman in 1967, when PDO's Fahud and Natih fields were brought onstream. In 1969, PDO began producing from the Yibal oil and gas field. The Fahud, Natih and Yibal fields still make a significant contribution to Oman's production today. Until 1980, all Omani liquids production came entirely from PDO-operated fields. However, in 1980, Elf brought the Sahmah field into production, and in 1984 Occidental Oman brought the Safah field onstream. Subsequently, two other fields started production: in 1990, the Daleel field located in Wadi Aswad (Block 5) and operated by JAPEX (now Daleel Petroleum), followed in 1994 by the offshore Bukha field, now operated by DNO. Occidental Oman became the operator of the Mukhaizna field in 2005, and has increased production on that field through a large-scale steam injection enhanced oil recovery project.

Between 2000 and 2008 Oman's oil production experienced a decline, from 950 thousands of barrels per day to 750 thousands of barrels per day, due to decreasing output from PDO's ageing fields. In response, PDO shifted its focus to increasing recovery from its existing fields, and this has led to the sanctioning of over 15 waterflood projects and four major enhanced oil recovery projects since 2005. This change in PDO's focus was accompanied by a sizeable increase in production outside Block 6 as a result of development growth and successful exploration finds by other operators in other areas of Oman.

Condensate production has increased markedly since 2004, from 80 thousands of barrels per day to 96.8 thousands of barrels per day in the first nine months of 2016. Condensate is produced mainly from PDO's fields in the Qarn Alam area and is supplemented by very small volumes from Suneinah, Bukha, Wadi Aswad and Shams. The recent increase is a consequence of PDO increasing production from its non-associated gas fields, such as the condensate-rich Kauther field, which was brought on stream in late 2007, with a small contribution from Abu Butabul which came on stream in 2015. There are also projected to be additional volumes from Khazzan-Makarem when this project comes onstream in 2018.

The following table sets forth total oil and condensate production in Oman by company for each of the five years ended 31 December 2016.

Total Production of Oil and Condensates by Company

Company		Year ended 31 December				
		2012	2013	2014	2015	2016
		(mmbbl)				
PDO	Crude oil	207.3	207.9	208.2	214.9	219.7
	Condensates	33.8	31.4	28.5	30.3	29.8
Total		241.1	239.3	236.7	245.2	249.5
Occidental Oman	Crude oil	26.6	30.1	31.4	33.2	31.4
	Condensates (Block 9)	—	3.4	26.6	3.4	0.0
	Condensates (Block 27)	0.04	0.04	0.2	0.5	0.5
	Crude oil (Block 27)	—	—	—	—	3.8
	Condensates (Block 62)	—	—	—	—	0.5
	Total	29.84	32.9	33.9	36.0	36.2
DNO	Crude oil	1.9	4.6	3.0	1.4	0.7
	Condensates	0.2	0.1	0.1	0.1	0.1
Total		2.1	4.7	3.1	1.5	0.8
Occidental Mukhaizna	Crude oil	43.7	44.8	44.4	44.4	46.4
Daleel Petroleum	Crude oil	13.3	14.7	16.0	17.0	17.8
Hydrocarbon Finder E.P. (formerly Petrogas)	Crude oil	0.4	0.4	0.3	0.4	0.2
CC Energy	Crude oil	4.5	5.5	9.2	11.8	14.8
PTTEP	Condensates	1.1	1.2	0.6	0.6	0.3
BP Oman	Condensates	0.08	0.1	0.1	—	—

Company		Year ended 31 December				
		2012	2013	2014	2015	2016
		<i>(mmbbl)</i>				
OOCEP	Condensates	—	—	0.1	1.3	1.4
Total of Crude Oil		297.7	308.1	312.5	323.1	334.9
Total of Condensates		38.5	35.7	32.0	35.0	33.0
Total of Oil and Condensates		336.2	343.8	344.5	358.1	367.4

Source: Ministry of Oil and Gas

The following table sets forth the average daily oil and condensate production in Oman by company for each of the five years ended 31 December 2016.

Average Daily Production of Oil and Condensates by Company

Company		Year ended 31 December				
		2012	2013	2014	2015	2016
		<i>(thousand bbl per day)</i>				
PDO	Crude oil	566.3	569.7	570.5	588.9	600.2
	Condensates	92.5	85.9	78.0	82.9	81.3
	Total	658.8	655.6	648.6	671.8	681.5
Occidental Oman	Crude oil	72.6	82.6	86.0	91.0	85.8
	Condensates (Block 9)	8.8	7.7	6.5	6.4	0.0
	Condensates (Block 27)	0.1	0.1	0.4	1.3	1.4
	Crude oil (Block 27)	—	—	—	—	10.4
	Condensates (Block 62)	—	—	—	—	1.5
	Total	81.5	90.4	92.9	98.7	99.1
DNO	Crude oil	5.2	12.6	8.1	3.8	1.9
	Condensates	0.5	0.3	0.4	0.4	0.3
	Total	5.7	12.9	8.5	4.2	2.2
Occidental Mukhaizna	Crude oil	119.5	122.8	122.0	121.6	126.9
Daleel Petroleum	Crude oil	36.4	40.4	44.0	46.6	48.7
Hydrocarbon Finder E.P. (formerly Petrogas)	Crude oil	1.1	1.1	1.0	1.0	0.9
CC Energy	Crude oil	12.2	15.1	25.3	32.3	40.4
PTTEP	Condensates	3.0	3.4	2.0	1.5	0.9
BP Oman	Condensates	0.2	0.3	0.0	—	—
OOCEP	Condensates	—	—	0.2	3.5	3.8
Total of Crude Oil		813.4	844.2	856.2	885.2	915.0
Total of Condensates		105.1	97.7	87.2	95.9	89.3
Total of Oil and Condensates		918.5	941.9	944.0	981.1	1,004.3

Note: Totals may not add up due to rounding factor
Source: Ministry of Oil and Gas.

Total oil and condensates production in Oman increased to 367.4 million barrels in 2016 from 358.1 million barrels in 2015, an increase of approximately 2.6 per cent. This represents an increase in average production per day in Oman to 1,004.3 thousands of barrels per day in 2016 from 981.1 thousands of barrels per day in 2015. The increase in production resulted principally from the application of enhanced oil recovery techniques such as polymer, miscible and steam (gas or solar generated) injection.

PDO's production increased by approximately 1.8 per cent. in 2016 to 249.5 million barrels from 245.2 million barrels in 2015. This represents an increase in average production per day by PDO to 681.5 thousand bbl/d in 2016 from 671.8 thousand bbl/d in 2015. Production from other oil companies also increased in 2016 to 117.9 million barrels from 84.0 million barrels in 2015.

Natural gas production

There are two primary sources of gas: associated gas reserves and non-associated gas reserves. Non-associated gas reserves are developed primarily to produce natural gas, while associated gas is produced as a by product of the production of crude oil. In certain instances, Oman practices flaring to dispose of waste or unusable gas in order to protect against putting too much pressure on plant equipment.

Until 1999, Oman's non-associated gas was almost wholly produced from PDO's Block 6. Associated gas production in Oman was less than 400 mmcf/d and sourced from PDO's Yibal, Fahud and Lekhwair areas in the north of Block 6. The southern producing areas of Marmul and Nimr are characterised by relatively heavy oils with lower gas-oil ratios and have very limited associated gas reserves.

Since 1999, PDO has increased non-associated gas production volumes significantly, with the Qarn Alam fields (Saih Rawl, Barik and Saih Nihayda) brought onstream to supply Oman's new LNG plants. More recently, other operators, including Occidental and PTTEP, have supplied small volumes of gas to the government from their respective contract areas.

The following table sets forth total natural gas production in Oman by for each of the five years ended 31 December 2016.

Total Production of Natural Gas by Company

Company		Year ended 31 December				
		2012	2013	2014	2015	2016
		<i>(million m³)</i>				
PDO	Associated	7,999	4,966	4,952	5,329	5,370
	Non-associated	28,084	28,938	28,050	29,602	29,370
Occidental (Block 9).....	Associated	1,008*	1,070	969	949	912
	Non-associated	707*	555	391	329	284
Occidental (Block 27).....	Associated	—	144	222	219	235
	Non-associated	—	37	52	73	110
Occidental (Block 62).....	Non-associated	—	—	—	—	1,191
Daleel Petroleum	Associated	161	227	311	328	317
Hydrocarbon Finder E.P. (formerly Petrogas)	Associated	2	2	2	4	3
BP Oman.....	Associated	—	—	5	—	—
	Non-associated	156	234	—	—	—
OOCEP	Non-associated	—	—	17	438	491
PTTEP.....	Non-associated	510	453	320	256	201
DNO.....	Associated	165	445	332	183	76
	Non-associated	139	77	99	109	110
CC Energy	Associated	—	—	—	—	158.7
Total of Associated Gas		6,334	6,854	6,787	7,008	7,071
Total of Non-associated Gas		29,596	30,295	28,917	30,806	31,756
Total Production		35,931	37,149	35,704	37,814	38,827

* 2011 and 2012 for Block-9 and Block-27 are mentioned together in Block-9

Note: Totals may not add up due to rounding factor

Source: Ministry of Oil and Gas.

The following table sets forth the average daily natural gas production in Oman by company for each of the five years ended 31 December 2016.

Average Daily Production of Natural Gas by Company

Company		Year ended 31 December				
		2012	2013	2014	2015	2016
		<i>(million m³ per day)</i>				
PDO	Associated	13.7	13.6	13.6	14.6	14.6
	Non-associated	76.7	79.3	76.9	81.1	80.2
Occidental (Block 9).....	Associated	2.8*	2.9	2.7	2.6	2.5
	Non-associated	1.9*	1.5	1.1	0.9	0.8
Occidental (Block 27).....	Associated	—	0.4	0.6	0.6	0.6

		Year ended 31 December				
Company		2012	2013	2014	2015	2016
		<i>(million m³ per day)</i>				
	Non-associated	—	0.1	0.1	0.3	0.3
Occidental (Block 62).....	Non-associated	—	—	—	—	3.2
Daleel Petroleum	Associated	0.4	0.6	0.9	0.9	0.9
Hydrocarbon Finder E.P. (formerly Petrogas).....	Associated	0.01	0.004	0.01	0.01	0.01
BP Oman.....	Associated	—	—	0.01	—	—
	Non-associated	0.4	0.6	—	—	—
OOCEP	Non-associated	—	—	0.05	1.2	1.4
PTTEP	Non-associated	1.4	1.2	0.9	0.7	0.6
DNO	Associated	0.5	1.2	0.9	0.5	0.2
	Non-associated	0.4	0.2	0.3	0.3	0.3
CC Energy	Associated	—	—	—	—	0.4
Total of Associated Gas		17.4	18.8	18.6	19.2	19.3
Total of Non-associated Gas		80.9	83.0	79.2	84.4	86.8
Total Production		98.3	101.8	97.8	103.6	106.1

* 2011 and 2012 for Block-9 and Block-27 are mentioned together in Block-9

Note: Totals may not add up due to rounding factor.

Source: Ministry of Oil and Gas.

Total natural gas production in Oman increased to 38,827 million m³ in 2016 from 37,814 million m³ in 2015, a growth rate of approximately 2.7 per cent. This represents an increase in average natural gas production per day to 106.1 million m³ per day in 2016 from 103.6 million m³ per day in 2015. The increase in production resulted principally from Occidental (Block 62), which went on stream in 2016.

PDO's production remained relatively stable at 29,370 million m³ in 2016 as compared to 29,602 million m³ in 2015. This represents a slight decrease in average natural gas production per day by 94.8 million m³ in 2016 from 95.7 million m³ in 2015. Average daily production from other oil companies meanwhile increased in 2016 to 11.3 million m³ from 7.9 million m³ in 2015.

The Government of Oman is entitled to 100 per cent. of the reserves of natural gas in the Block 6 concession area, and future natural gas sales are expected to continue to be supplied mainly by both PDO and BP Khazzan. With significant existing contracted LNG volumes and growing industrial and domestic gas markets, demand for gas in Oman is forecasted to continue to grow, and it is projected that PDO, even together with the current estimates of gas production from BP Khazzan phase 1, which is anticipated to come on stream in 2018, will be unable to fully meet Oman's future gas demand without additional projects coming onstream. As a result, the Government of Oman is counting on growth from projects such as the extension development of the BP Khazzan gas field, which is anticipated to come on stream in late 2019, to ensure that the government can continue to meet the country's gas demand and export obligations for the foreseeable future. BP is the operator of the block (Block 61) containing the Khazzan tight gas field and holds a 60 per cent. interest in the 2700 km² block, while Oman Oil holds the other 40 per cent.

On 14 February 2016, BP and Oman Oil signed a heads of agreement with the Government of Oman committing to amend the EPSA for Block 61, extending the license area of the block and enabling the further development of the Khazzan tight gas field. Under the amended EPSA, the extension is expected to add a further 1000km² to the south and west of the original Block 61. The extension is expected to allow a second phase of development, accessing additional resources in the area that have been identified by drilling activity within the original block. The two phases are expected to produce 1.5 bcf/d through the development of 10.5 tcf of recoverable gas resources. This will involve construction of a three-train central processing facility with associated gathering and export systems and drilling around 325 wells over a 15 year period. Improved reservoir performance, drilling efficiencies and other improvements have reduced the well count by around 100 wells from the original Phase 1 plan. The additional development was approved on 8 November 2016, with this phase of the project targeted to come onstream in 2020.

Infrastructure

Oil infrastructure

Oil Pipelines

Oman's highly developed oil infrastructure network is almost exclusively owned and operated by PDO and comprises around 2,200 km of oil pipelines, including main crude and inter-field oil and condensate pipelines. Oman has oil storage facilities at Mina Al Fahal with a capacity of around 4.8 million barrels and two export single buoy moorings, which berth around 350 crude tankers on an annual basis. In addition, PDO operates four major oil pumping stations at Hubara, Sahmah, Qarn Alam and Nahada.

The oil pipeline network in Oman comprises one main pipeline system known as the Main Oil Line. The Main Oil Line extends from PDO's southern fields, through the Qarn Alam area and includes sections of diameters between 6 and 42 inches depending on local and regional supply capacities. The section of the Main Oil Line that runs from Marmul to the Nahada Booster Station is known as the South Main Oil Line. At Nahada this joins another component of the Main Oil Line, which originates at Lekhwair and Yibal, and is known as the North Main Oil Line. The Main Oil Line segment from Nahada to Mina Al Fahal has a nominal export capacity of 994 thousand bbl/d. Other onshore oil producers have pipelines connecting their fields to the Main Oil Line and pay a fixed tariff of U.S.\$1.00/bbl for the use of PDO's oil export network.

Continued investment is planned by PDO to maintain the integrity of the oil pipeline network. Production increases in southern and central Oman have required additional pumps to be installed at the Qarn Alam Booster Station, which is a key oil hub. The Qarn Alam pumping station was upgraded in 2000, raising capacity by 100 thousands of barrels per day to 600 thousands of barrels per day.

Oil Terminals

Oman's main oil terminal, Mina Al Fahal, is located near Muscat and the majority of the country's crude is either exported or processed at the refinery for domestic use, with the exception of small volumes produced from DNO Block 8 West Bukha in Musandam which are planned to be exported from the new terminal nearby. The Mina Raysut port near Salalah has an oil pier with one dolphin berth for handling tankers of up to 45,000 dead weight tonnage.

Natural gas infrastructure

Natural gas pipelines

Oman's natural gas pipeline network is owned by the Oman Gas Company S.A.O.C. ("**OGC**"). OGC is 100 per cent. owned by Oman Oil Company. The network comprises around 2,500 km of gas pipelines. These include the main gas export pipeline to the LNG terminals at Qalhat near Sur, pipelines from Saih Rawl to Muscat, Sohar in the north and Salalah in the south, inter-field pipelines and pipelines supplying associated gas for injection into the oil reservoirs of fields located in southern Oman.

The primary supply of gas in Oman comes from the northern and central producing regions within PDO's Block 6, namely Yibal, Fahud, Lekhwair and Qarn Alam. A major gas pipeline, known as the South Oman Gas Line, extends from the Saih Nihayda field in the Qarn Alam area to the Marmul fields in the south. This line is used to supply gas primarily for injection (for reservoir pressure maintenance), power generation and other local use.

The main 48-inch gas export pipeline runs from the Saih Rawl field in central Oman to the LNG plant on the coast. This pipeline was commissioned in 1999 and has a nominal capacity of 1,200 mmcf/d. In 2005, OGC commissioned a 300 km, 32-inch pipeline from Fahud to Sohar, linking the Qarn Alam area gas fields to Sohar via Fahud. It has been constructed to supply gas to the refinery and other large scale industrial projects such as the steel plant, aluminium smelter and fertiliser plant in the Sohar area. OGC also commissioned a pipeline linking gas sources in central Oman with Salalah, where gas is intended be used to supply local domestic and industrial users. This pipeline has a diameter of 24 inches and a capacity of around 350 mmcf/d.

Iran and Oman are also currently cooperating on certain gas pipeline and supply initiatives. These initiatives aim to make Iranian natural gas available for use in domestic industrial projects as well as for LNG export on a per project basis.

LNG terminals

Oman's LNG plant at Qalhat came onstream in 1999, with a capacity of 6.6 Mtpa. A debottlenecking program, completed in 2005, increased the plant's capacity to approximately 7.2 Mtpa. The plant consists of two process trains (each with 3.6 Mt of storage tank capacity), marine loading facilities and utility facilities. A third train, Qalhat, was brought onstream at the end of 2015. This train has a capacity of 3.5 Mtpa and is operated by Oman LNG (with a different equity structure from trains 1 and 2). Storage and loading facilities are shared between the two projects.

Gas Processing Plants

The five major gas processing plants in Oman are the following:

- The Government Gas Plant ("**GGP**") is situated at the Yibal field and processes gas from the Natih/Yibal, Amin and Mafrag gas reservoirs from several gas fields in the north of Oman with a capacity of 812 mmcf/d. The GGP came on-stream in 1978. The existing Yibal GGP surface facilities are comprised of buried flow lines, inlet manifold, inlet separation facilities, third stage depletion compression facilities, inlet compression facilities, gas dehydration dew- pointing trains and gas metering facilities. The design capacity for the GGP facility is 812 mmscf/d (23 MMSCMD) on a water dry basis. It has five trains for treatment of the gas before export. The feed streams of the GGP are comprised of Yibal non-associated gas, Yibal associated gas, Fahud West, Haban, Maqhoul South, Thumayd, Fahud South West, Government Gas Plant at Lekhwair, Khulud Natih, Khulud Amin, AlBashair and Al- Huwaisah. Recent upgrades include the Y3DC project, which was commissioned in March 2016 to reduce the GGP inlet pressure from 20 bar to 8 bar and hence enable the field to fulfill its gas supply commitment. In addition, the Y4DC project is planned to increase the reserves by 3 BCM and is planned to be completed by 2024. Thereafter, the Y5DC project (depletion compression to 1 Bar) is planned to further increase reserves by 8 BCM. Sales gas is exported to customers through the 28" GGS (North Oman Gas Distribution Pipeline Network) whilst the liquids (condensate and water) are transported to Yibal A Oil Station. Currently the GGP is processing approximately 20 MMSM³/d of gas.
- The Saih Nihayda Gas Plant ("**SNGP**"), designed to process approximately 706 mmcf/d (20 MMm³/d) of non-associated gas from the Saih Niyada (Barik, Miqrar and Amin reservoirs) and Shuaiba fields. The plant was commissioned in 2005 at Saih Nihayda. The capacity of the SNGP was increased in 2010 to 875 mmcf/d from 25 MMm³/d. The plant and its associated wells increased PDO's gas supply capacity by about 30 per cent. at the time it was constructed. The commissioning of the 48-inch gas pipeline to Sur was also completed in 2005. A mid-way booster station was built at block valve station 5 (BVS – 5) on the 48- inch pipeline to Qalhat. In 2009, the Middle Gharif Reservoir was connected to the station, followed by Burhan West Field (Barik, Miqrar and Amin reservoirs) in 2010. Saih Nihayda North was added in 2015. Currently SNGP is processing approximately 19 MMSM³/d of gas.
- The Central Processing Plant ("**CPP**") is located at Saih Rawl field, in central Oman. The CPP is reserved exclusively for Oman LNG, while the plants at Yibal and Saih Nihayda process gas for domestic consumption. CPP delivered first gas from the Saih Rawl and Barik fields in 1999, Saih Rawl South, Mabrouk Shallow and Mabrouk Deep were introduced in 2007, 2008 and 2013 respectively. CPP is also the main condensate processing plant for the SNGP, the Kauther Gas Plant and the Saih Rawl fields. In 2009, four depletion compressors were installed to reduce the arrival pressure from 90 bar to 35 bar with total throughput capacity of 48 MMSCMD. The second stage compression, designed to reduce the CPP inlet pressure from 35 bar to 13 bar with total capacity of 30 MMSCMD, was commissioned in March 2016. For 2015 and 2016, CPP average annual production was 34 MMSCMD. CPP's average annual production is expected to increase to 38 MMSCMD by 2017 mainly due to the second stage compression and Mabrouk expansion. Currently the CPP is processing approximately 38 MMSM³/d of Gas and approximately 70 kbbl/d of condensate.

- The Kauther Gas Plant ("**KGP**"), designed to process approximately 706 mmcf/d (20 MMm³/d) of non-associated wet gas and around 138 Kbbbl/d (22,000 m³/day) of live condensate from Kauther, Fakhar, Harmal and close by third party fields. KGP was commissioned in 2007 at Kauther. KGP supplies export gas to the government gas supply and the condensate is exported to the CPP for further processing. In 2012, two depletion compressors were installed with a total capacity of 460 mmcf/d (13 MM m³/day) of non- associated wet gas to sustain the gas and condensate production. Currently KGP is processing approximately 9 MMSm³/d of gas.
- The Government Gas Plant at Lekhwair ("**GGL**") was commissioned in 2014 at Lekhwair, located approximately 130 km to the North West of Fahud. GGL processes the non- associated gas reservoir below the existing oil producing reservoir in Lekhwair field. The plant is designed to export approximately 100 mmcf/d of treated gas (~3 MMSm³/d). The processed dry gas is then evacuated from the GGL to the GGP through a 16-inch 110km pipeline. The condensate from the GGL is sent to Lekhwair oil station. Currently GGL is processing approximately 2.5 MMSm³/d of gas.

Plans to build additional gas processing plants in the country are also currently underway:

- An agreement between BP and the Omani Government was signed in 2013 on plans to build a plant to process natural gas that is expected to be produced from BP's tight gas Khazzan fields in Block 61. The Phase 1 project was sanctioned in December 2013 and remains on schedule to deliver first gas in late 2017. As discussed above, in February 2016, BP and Oman Oil signed a heads of agreement to extend the licence and develop further the major Khazzan tight gas field. The new Khazzan Phase 2 project is targeted to come on stream in 2020. The two phases are expected to produce 1.5 bcf/d through the development of 10.5 tcf of recoverable gas resources, equivalent to around 40% of Oman's current total domestic gas production. This is expected to involve construction of a three-train central processing facility with associated gathering and export systems and drilling around 325 wells over a 15 year period. Improved reservoir performance, drilling efficiencies and other improvements have reduced the well count by around 100 wells from the original Phase 1 plan.
- In 2014, the Musandam Power Company ("**MPC**"), a majority owned subsidiary of Oman Oil Company, was established as Oman's first independent power producer in the Musandam Governorate as a joint venture between Oman Oil Company (70 per cent.) and LG International Corp (30 per cent.). By August 2015, MPC signed three major agreements (a project finance agreement in July 2015, a power purchase agreement in April 2015 and a natural gas sales agreement in July 2015), with financial institutions, including Bank Muscat, and agencies to support the implementation of the Musandam IPP with 120 MW capacity. The plant is targeted to be commissioned by the end of the second quarter of 2017.

Refining and marketing activities

There are two refineries currently operating in Oman, namely the Mina Al Fahal refinery and the Sohar refinery. The Ministry of Oil and Gas has restructured its refinery sector by merging the Sohar Refinery Company with the Mina al Falal refinery in order to reduce costs. The new company has been launched as the Oman Oil Refineries and Petroleum Industries Company ("**ORPIC**"). There are also plans for a new refinery at Duqm.

Mina Al Fahal refinery

The Mina Al Fahal refinery was brought onstream in 1982, with a capacity of 50 thousand barrels per day. The plant's capacity was upgraded to 80 thousands of barrels per day in 1987. Following the installation of a continuous catalytic generator in 1993, the refinery is capable of producing unleaded petrol. Between 2005 and early 2007, the refinery was refurbished and capacity was upgraded to 106 thousands of barrels per day at a total cost of U.S.\$320 million. Over the last 10 years, the Mina Al Fahal refinery has operated at close to its nominal capacity, receiving the vast majority of its supply from the Ministry of Oil and Gas rather than third party oil producers.

Sohar refinery

The Sohar refinery was constructed by the Sohar Refinery Company, a joint venture between the government and Oman Oil Company, at a cost of U.S.\$1.25 billion and was brought onstream in October 2006. The refinery processes residual fuel oil from the Mina Al Fahal plant to produce petrol, and consists of, among other units, a residue fluid catalytic cracker. The plant has a capacity of 116 thousand barrels per day, of which 70 per cent. is supplied to the domestic market and the rest exported. Oman Trading International, Oman's international oils and petrochemicals marketing company, acquires the export product.

The Sohar Refinery Improvement Project ("**SRIP**") is a multibillion dollar capital investment by ORPIC that has recently come onstream. The project is intended to upgrade Oman's refining capability in order to further maximise the value of Omani crude oil. At the same time, SRIP is intended to significantly improve environmental performance on the back of the recent progress made through ORPIC's Environmental Improvement Program. The environmental permits for SRIP were issued in July 2013 and land agreements were finalised in August 2013 for a plot adjacent to the Sohar Refinery.

Following SRIP coming onstream in late 2016, current production of fuels, naphtha and propylene increased by 70 per cent. and satisfy the increased fuel demand in the country, which has grown by 10 per cent. annually over the past 5 years. After SRIP is fully completed, ORPIC's fuels production is projected to increase by 4 Mtpa, with overall production levels having reached 9 Mtpa in 2016. Upon completion, approximately 52 per cent. of the refinery's production is expected to be supplied to the domestic market.

The Muscat Sohar Pipeline Project ("**MSPP**") is also currently underway and it is intended to connect the Mina Al Fahal and Sohar refineries by means of a 280 km pipeline to an intermediate distribution and storage facility at Jifnain, as well as a new storage facility at Muscat International Airport, which is intended to receive aviation fuel directly from the pipeline. MSPP is to be a two- way multi-product pipeline that is intended to remove the need for ORPIC to ship and truck refined products. The pipeline is designed to bring a new level of efficiency and lower costs to ORPIC's business, as well as reduce the number of fuel-tank truck journeys in and around Muscat. Heavy fuel-tank truck traffic in Muscat is projected to drop by 70 per cent.

In addition, Liwa Plastics Industries Complex ("**LPIC**") is a steam cracker project that is intended to process light ends such as butane, propane and gasoline produced in the Sohar refinery and its Aromatics plant as well as optimize natural gas liquids extracted from currently available natural gas supplies. LPIC is expected to re-route elements of existing production in combination with additional purchased feedstocks to deliver high value polymer products for the local and international marketplaces. LPIC's primary goal is to further increase the value that can be derived from Omani crude oil and natural gas production within the country. The project is on schedule for operation during the second quarter of 2019.

Duqm refinery

OOC is currently planning and implementing an ambitious development project in the Special Economic Zone of Duqm ("**SEZAD**"), on Oman's eastern coast, for which significant investments of up to U.S.\$15 billion have been earmarked for petrochemicals and infrastructure development over the next 15 years. The specific details of this development project are currently under review and revision. The development project has been designed to host oil and gas based and metals projects supported by the development of Duqm port and other related infrastructure. OOC is leading the development of a number of large-scale projects in SEZAD, which aims to serve as a catalyst for Duqm's planned transformation into one of the largest industrial and economic hubs in the region. The flagship project is planned to be an integrated refinery and petrochemical complex, which will be developed with one or more international partners. These projects are intended to be one of the largest employers in Oman. Occupying a land area of 1,745 km² and 70 km of coastline along the Arabian Sea, the Duqm Special Economic Zone is intended to be one of the largest developments of its kind in the MENA region.

Significant investments have already been made to expand Duqm's infrastructure, including a new international airport, a new dry dock/quay, hotels and dual carriage roads. Phase 1 of the Duqm Special Economic Zone is under development and includes a refinery, a product terminal, centralized utilities, a crude terminal and a crude pipeline. Phase 2, which remains under study, contemplates a petrochemicals complex, enhancements to the crude terminal, a steel complex, petcoke and sulphur utilization facilities and alternative energy coal power projects. An agreement was reached in 2016 with Oman Wanfang

LLC, which is owned by the Chinese government and other Chinese investors, in connection with the development of the Chinese industrial park in Duqm, to be carried out, together with other Chinese investors and companies, in multiple phases. The total aggregated investment is expected to be up to U.S.\$10 billion by 2022, to be funded generally on a per project basis with other investors.

Omani Blend

Prior to November 2001, the price of Oman's single export blend ("**Oman Export Blend**" or "**Omani Blend**") was fixed on a monthly basis at a differential to Dubai. Most of the Omani Export Blend transactions were done on a forward basis one to three months out.

Omani crude is one of the few Middle Eastern crudes to be freely traded on the spot market as term lifters are permitted by the Ministry of Oil and Gas to re-sell their crude. As of November 2001, partly as a result of the decline in Dubai crude cargoes, the basis for assessing daily spot prices of Dubai crude was changed to allow Oman Blend crude, comparable to Dubai, to be delivered into Dubai contracts. In November 2006, Oman's Ministry of Oil and Gas and the Dubai Mercantile Exchange Limited ("**DME**") announced that Oman would adopt forward pricing of its crude oil based on the daily settlement price of the DME's Oman Crude Oil Futures Contract. By adopting this pricing mechanism (through an exchange), Oman became the first country in the region to take this step in pricing its crude through a transparent and regulated exchange system. This helped Oman Blend to become a benchmark crude in the region (along with Dubai).

The following table sets forth the average prices for Omani Blend crude for each of the six years ended 31 December 2016.

Omani Blend Price Average

	Omani Blend price					
	2011	2012	2013	2014	2015	2016
	(U.S.\$/bbl)					
Jan	84	109	107	106	78	42
Feb	89	107	106	108	61	35
Mar	93	111	108	104	47	27
April	100	117	111	105	56	30
May	109	123	106	104	55	36
Jun	117	117	102	104	59	39
Jul	109	108	100	105	64	44
Aug	108	94	100	108	62	47
Sept	111	99	104	106	56	43
Oct	105	109	107	102	48	44
Nov	107	111	109	97	46	44
Dec	105	109	107	87	46	49
Average for the year	103	110	106	103	56	40

Note: Averages may not add up due to rounding factor for monthly average.
Source: Ministry of Oil and Gas.

Oil Exports

Exports of crude oil from Oman have increased in 2016 despite the increasing use of domestic refineries. All exports outlined below are net of supply to domestic refineries.

The following table sets forth the exports of Omani oil and condensates by producing company for each of the six years ended 31 December 2016.

Exports of Oil and Condensates as per Producing Companies

Company	Exports					
	Year ended 31 December					
	2011	2012	2013	2014	2015	2016
	<i>(mmbbl)</i>					
PDO	218.5	228.6	252.2	241.9	242.9	250.0
Occidental Mukhaizna	27.4	24.8	19.5	20.1	28.9	30.3
Occidental Oman	11.7	11.9	15.8	15.3	19.0	21.0
Daleel Petroleum	6.3	6.4	7.2	5.7	7.9	9.7
DNO	3.0	1.9	4.9	3.1	1.5	0.7
CC Energy	1.2	4.7	3.1	4.8	5.9	8.2
OOCEP	—	—	—	0.1	1.2	1.3
PTTEP	0.9	1.1	1.1	0.8	0.4	0.4
Hydrocarbon Finder E.P. (formerly Petrogas)	0.4	0.4	0.4	0.1	0.4	0.3
Total	269.4	279.8	304.2	292.1	308.1	321.9

Note: Totals may not add up due to rounding factor.

Source: Ministry of Oil and Gas.

The following table sets forth the exports of Omani Blend oil and condensates by importing country for each of the six years ended 31 December 2016.

Exports of Oil and Condensates as per Importing Countries

Company	Exports					
	Year ended 31 December					
	2011	2012	2013	2014	2015	2016
	<i>(mmbbl)</i>					
China	122.76	140.1	180.8	210.5	237.6	251.1
Taiwan	9.63	33.4	27.4	33.9	27.8	18.8
Singapore	9.61	19.9	13.5	3.3	10.0	3.6
Japan	27.55	38.2	29.3	13.8	9.6	14.2
Thailand	21.72	19.0	17.1	15.1	9.4	0.4
South Korea	20.54	10.9	5.0	6.1	5.9	10.6
India	33.54	5.2	16.0	4.9	4.6	4.5
Sri Lanka	—	—	4.9	2.7	1.4	0.0
ORPIC	—	—	2.5	—	—	0.5
Other countries	24.07	13.1	7.7	1.8	1.8	18.2
Total	269.4	279.8	304.2	292.1	308.1	321.9

Note: Totals may not add up due to rounding factor.

Source: Ministry of Oil and Gas.

Oman Oil Company

Oman Oil Company S.A.O.C. ("OOC") is a commercial company wholly-owned by the Government of Oman. OOC was incorporated in 1996 to pursue investment opportunities in the energy sector both inside and outside Oman. OOC's investments span the oil and gas value chain, as well as related energy intensive industries. Through participation in energy and energy related projects, OOC plays an important role in Oman's efforts to vertically diversify the Omani oil and gas sector into midstream and downstream activities. OOC's projects and assets are variously operated by Takamul Investment Company S.A.O.C., Oman Oil Company Exploration and Production, Oman Oil Facilities Development Company L.L.C., Oman Oil Duqm Development L.L.C., in addition to the international assets that are managed by the OOC international investment unit. OOC is the energy investment arm for the Government of Oman. In this capacity, OOC's strategic focus complements Oman's development plans. As such, in the short term,

OOC's strategy is split between increasing its capability and capacity for exploration and production of unconventional hydrocarbons, and developing downstream industrial hubs, with particular focus on the Duqm industrial zone.

Oman Oil Company Exploration & Production LLC ("**OOCEP**") is an upstream oil and gas company based in the Sultanate of Oman. OOCEP is a wholly-owned subsidiary of OOC with a primary focus on upstream investments as part of OOC's strategy of pursuing local and international energy related investments. OOCEP's activities combine the management of investments in non-operated upstream assets in Oman and abroad, as well as operatorship of upstream and service/midstream businesses in Oman. The aim of such investments is to draw upon Oman's experience in the oil and gas industry to achieve strong operational results and financial returns, pursue opportunities that will assist in meeting the future energy needs of Oman, and provide a platform for the professional development of the Omani workforce.

Through OOCEP, OOC has the back in right to participate at cost for a pre-agreed or negotiated participating interest upon the declaration of commerciality in various upstream projects. It has exercised this option in relation to two projects, Khazzan (Block 61) and Mukhaizna (Block 53). OOC's activities are funded by a variety of sources including revenues from the Petroleum Reserve Fund of Oman, external borrowings and/or internal accruals. OOC's contribution to Oman's GDP is intended to significantly grow going forward.

OOC's general role is to focus on developing and investing in sustainable businesses to achieve the economic objectives of the country. OOC acts as a catalyst and an anchor investor to develop industrial zones within Oman such as Sohar, Sur, Salalah, and currently Duqm. Additionally, OOC provides the energy infrastructure for the country in the form of transmission and distribution of natural gas as well as full range of project management services in pipeline construction.

Oman Gas Company

In 2000, Ministry of Oil and Gas transferred the majority of the ownership of the Omani northern gas transportation system to a newly-formed company, the Oman Gas Company S.A.O.C. ("**OGC**"). The OGC has since taken ownership of some of the gas pipeline network from PDO, although the gas is still wholly-owned by the Government. In 2013, OGC became a wholly owned subsidiary of OOC, prior to which, it was a closed joint stock company between the Ministry of Oil and Gas (holding 80 per cent. of the shares) and OOC (holding the remaining 20 per cent.).

The OGC concession agreement runs until 2027, after which all OGC assets will be returned to the Government at no cost. Under the concession agreement, OGC operates and maintains the gas pipeline network including any newly built pipelines. OGC does not own any gas volumes and only transports gas to different customers based on directions from the Ministry of Oil and Gas.

Non-Oil and Gas Sector

The Ninth Five Year Plan (2016-2020) maintains the Government of Oman's focus on economic diversification and enhancement of welfare and social benefits, while at the same time aiming to boost the private sector (see "*The Economy of Oman – Vision 2020, Vision 2040 and Five Year Plans*"). To support these goals, over 500 programs and policies are planned across five target sectors: manufacturing, transportation and logistics, tourism, fisheries and mining. The Government of Oman believes these five sectors represent untapped potential and are essential for the transformation from a predominantly oil producing country to a diversified economy, including the potential for these sectors to create a significant number of jobs.

The Ninth Five Year Plan also emphasizes the role of the private sector in driving Oman's economic growth. Greater private sector involvement in Oman's economy is expected to be achieved through legislation encouraging private sector investment, developing and providing development funding for small and medium enterprises ("**SMEs**") the Riyada Public Authority of Small and Medium Enterprise Development (PASMED) initiative for providing logistical, technical and other support for SMEs, public-private partnerships and improving the investment climate more generally. The government's initiatives also envisage expanding the role of the private sector in acquiring, financing and managing government projects. Furthermore, the Government of Oman has undertaken a series of measures to encourage SME development including a quota for at least 10 per cent. of government contracts to be awarded to SMEs

by the Oman Tender Board, a requirement for local banks to extend at least 5 per cent. of their loan books to SMEs by the end of 2015 and the creation of the Al Raffd Fund, which provides start-ups and SMEs with interest rate free loans.

Further to the Ninth Five Year Plan's emphasis on the role of the private sector in driving Oman's economic growth, in September 2016, the Ministry of Finance began transferring its stakes in listed and private companies to other state-owned corporate and sovereign funds, including SGRF and OIF, and to special purpose holding companies with an aim to make such companies operations more efficient and improve their internal management, as well as to prepare for the possible privatisation of such companies in the future. As an initial step, in December 2016, Oman transferred its 51 per cent. stake in Oman Telecommunications Company SAOG ("**Omantel**"), the country's incumbent telecoms operator, from the Ministry of Finance to OIF. The announcement was made in a disclosure to the Muscat Securities Market. The proceeds of OMR 287 million were used to purchase foreign reserves designated for deficit financing. At present, the Government does not have any immediate intention for further such transfers for the purposes of deficit financing.

Public Administration and Defence

Public administration and defence accounted for 14.9 per cent. and 12.7 per cent. of nominal GDP in the years ended 31 December 2016 and 2015, respectively. In terms of nominal GDP, this sector grew by 11.3 per cent. in the year ended 31 December 2016 as compared to the year ended 31 December 2015.

Manufacturing

The manufacturing sector, which includes the operations of ORPIC (which was formed by the merger of the two refineries operating in Oman and is described in further detail in "*Refining and marketing activities*"), accounted for 8.5 per cent. and 9.7 per cent. of GDP in the years ended 31 December 2016 and 2015, respectively. The manufacturing sector employed approximately 11.8 per cent. of the private sector labour force (including approximately 11 per cent. of the expatriate private sector labour force and approximately 12 per cent. of the Omani national private sector labour force) in the year ended 31 December 2016. In terms of nominal GDP, this sector declined by 17.2 per cent. in the year ended 31 December 2016 as compared to the year ended 31 December 2015.

The Government of Oman aims to increase manufacturing's share of GDP to 10 per cent. by 2020. During the Eighth Five Year Plan (2011-2015), the average annual growth rate of the manufacturing sector was 18.4 per cent. As part of Oman's industrial strategy, the Government of Oman's major ongoing project within the sector is the Liwa Plastic Industries Complex, which is expected to commence operations in 2019. This plant will enable Oman to produce polyethylene. The project is expected to create around 13,000 jobs (1,000 direct, 12,000 indirect), to contribute approximately 2 to 3 per cent. to GDP and to increase ORPIC's contribution to GDP to 9 per cent. by 2020. The total cost of the project is expected to be approximately U.S.\$6.4 billion, which is expected to be financed by a combination of U.S.\$3.8 billion of debt from international and local financial institutions and U.S.\$2.6 billion of equity funding (including pre-completion revenues generated from the project). In addition, construction of the Luban plant in Salalah, which is expected to produce 1,000 metric tons of ammonia per day, is proceeding following the U.S.\$500 million financing arranged in the first quarter of 2017.

The Government of Oman also has plans for a future refinery at Duqm (see "*Refining and marketing activities – Duqm refinery*").

Transport, Storage and Communications

Oman has seven ports (Sultan Qaboos port, Duqm port, Muscat port, Salalah port, Shinas port, Khasab port and Sohar industrial port), 13,567 km of paved roads, a railway network of 2,135 km, two international airports (Muscat and Salalah) and three local airports. Oman Air, which is 99.825 per cent. owned by the Government of Oman, is the main operating airline in Oman and transported 6 million passengers in 2015. The ongoing upgrade of Muscat airport is expected to accommodate 12 million passengers annually when completed (expected in 2017), and the ongoing upgrade of Salalah airport is expected to accommodate 1 million passengers annually, when completed (expected in 2017). There are seven telecommunications service providers operating in Oman (Omatel, Ooredoo, Telecom Oman, Awasr, Frieno, Renna and Zajel Communications). As of December 2016, Oman had approximately 6.9

million mobile telephone subscribers and approximately 4.1 million internet subscribers (fixed plus mobile).

Transport, storage and communications accounted for 5.6 per cent. and 5.8 per cent. of GDP in the years ended 31 December 2016 and 2015, respectively. Transport and communications employed approximately 4.5 per cent. of the private sector labour force (including approximately 4 per cent. of the expatriate private sector labour force and approximately 8.1 per cent. of the Omani national private sector labour force) in year ended 31 December 2016. In terms of nominal GDP, this sector declined by 8.0 per cent. in the year ended 31 December 2016.

The Government of Oman believes that Oman's geographical location makes it well-placed to act as a business and logistics hub, and Oman continues to focus on establishing itself as major international shipment centre for traffic from and to Europe, Asia and Africa. One of the Government of Oman's key goals is to place Oman within the top 30 out of 160 in the World Bank Logistic Performance Index by 2020 (Oman is currently ranked 59). The country is particularly well placed to act as a redistribution point for east and central Africa. Oman's Logistics Strategy 2040 aims to improve efficiency and reduce costs in handling shipments. Moreover, the strategy aims to double employment by 2020 to 80,000 jobs. It also looks to double the industry's contribution to the economy to OMR 3 billion by 2020. The Ninth Five Year Plan targets annual average growth of 5 per cent. from 2016-2020 in the transportation, storage and telecom sectors and aims for the sector to contribute 8 per cent. of GDP by 2020.

In addition to the transportation and logistical upgrades being made in the Duqm Special Economic Zone (see "*Refining and marketing activities – Duqm refinery*"), another key project in this sector is the South Al Batinah Logistics Area, which is 95 km² and is expected to include logistics services, commercial activities, light industries and public services when it is completed in 2030.

Tourism/Hotels and Restaurants

In 2016, Oman attracted approximately 3 million international tourists, as compared to approximately 2.6 million tourists in 2015, approximately 2.3 million tourists in 2014 and approximately 1.9 million tourists in 2013. Passenger throughput at Oman's airports has increased to 13 million in 2016 from approximately 9 million in 2015, and is expected to continue to increase upon completion of the Muscat and Salalah airport upgrades (see "*Transport, Storage and Communications*"). Most international hotel chains have opened up locations in Oman, including Ritz-Carlton, Hyatt, Crowne Plaza, Intercontinental, Shangri-La, Chedi, Radisson, Ramada, Sheraton and Golden Tulip Hospitality Group. In addition, domestic hotel chains have also emerged, such as Atana and Al Nahda Resort.

Hotels and Restaurants accounted for 1.0 per cent. and 0.9 per cent. of nominal GDP in the years ended 31 December 2016 and 2015, respectively. Hotels and Restaurants employed approximately 6 per cent. of the private sector labour force (including approximately 6.3 per cent. of the expatriate private sector labour force and approximately 3.3 per cent. of the Omani national private sector labour force) in the year ended 31 December 2016. Hotels and Restaurants decreased by 0.3 per cent. in the year ended 31 December 2016.

The tourism sector's direct contribution to Oman's GDP is expected to increase from around 2.8 per cent. in 2015 to 4.4 per cent. by 2020, and more than 100,000 jobs are expected to be created within the sector by 2024. The strategy for growing tourism in Oman is based on two foundations: first, having a series of tourist facilities in one location, and second, offering a distinctive tourist experience. In terms of improving facilities, there are around 39 projects in various stages of design, construction or tendering, including the Oman Exhibition and Convention Centre, Wadi Bani Habib and the Al Hoota Cave redevelopment, the Duqm frontier town and the Ras Al Hadd development. As for providing a distinctive tourist experience, Oman's emphasis on archaeology, conservation, and natural beauty is a key distinguishing factors from its neighbours. Oman has four World Heritage Site designations: the Aflaj Irrigation Systems, the Archaeological Sites of Bat, Al-Khutm and Al-Ayn, the Bahla Fort and the Land of Frankincense.

Oman's tourism sector has seen an increase in terms of inbound visitors, with approximately 276 thousand visitors arriving in the month of December 2016 during the tourist high season, a 9.5 per cent. increase compared to December 2015. Approximately 31.4 per cent. of visitors in December arrived from other GCC countries. In particular, the foreign and domestic visitors to the annual Khareef (monsoon) festival

held in Salalah numbered approximately 300 thousand and 296 thousand during July and August 2016, respectively, an increase of 39 per cent. and 7 per cent. compared to July and August 2015, respectively.

In December 2016, revenues from Oman's hotels remained stable at approximately OMR 19.3 million as compared to 19.8 million in December 2015 due to a decline in the room price index for 4-5 star hotels. The occupancy rate and total guests stood at 66 per cent. and 137 thousand in December 2016, respectively, compared to 62.3 per cent. and 126 thousand, respectively, in December 2015.

Key projects within the sector include the mixed used development project of Madinat Al Irfan, a public private partnership developed by Omran (a state-owned enterprise supporting Oman's tourism sector) and targeted to contribute around OMR 450-500 million annually to GDP upon completion, and the waterfront development around Port Sultan Qaboos, which is expected to provide 12,000 direct jobs and 7,000 indirect jobs.

Agriculture and Fisheries

Oman's principal agricultural crop is dates and Oman is also a leading producer of livestock, dairy products and vegetables in the Gulf region. Various government agencies and parastatal companies exist to encourage agricultural and fishery production.

Agriculture and fisheries accounted for 2.0 per cent. and 1.6 per cent. of nominal GDP in the years ended 31 December 2016 and 2015, respectively. These industries employed approximately 5.2 per cent. of the private sector labour force (including approximately 5 per cent. of the expatriate private sector labour force and approximately 1 per cent. of the Omani national private sector labour force) in the year ended 31 December 2016. Agriculture and fisheries grew by 16.3 per cent. in the year ended 31 December 2016.

The Government of Oman's current focus is to increase fisheries production from approximately 200,000 tonnes per year in 2015 to around 480,000 tonnes per year by 2020, as well as to create an additional 20,000 jobs. By 2020, the aim is for the sector to contribute 5 per cent. of GDP and the target is for the direct return from fishing and fish processing activities to be around OMR 739 million. Key projects within the sector include the Duqm Fishery Harbour, which is expected to benefit from investments of approximately OMR 100 million as well as the adjoining industrial fisheries cluster.

Mining and quarrying

Oman has deposits of copper, chrome, zinc, nickel, limestone, manganese and phosphate. While the mining sector accounted for only 0.5 per cent. of nominal GDP in the year ended 31 December 2016 (0.5 per cent. in the year ended 31 December 2015), it grew by 5.4 per cent. during that period 2016 compared to 2015. The mining sector employed approximately 2.3 per cent. of the private sector labour force (including approximately 1 per cent. of the expatriate private sector labour force and approximately 12 per cent. of the Omani national private sector labour force) in the year ended 31 December 2016.

The mining law proposed at the end of 2015, whose final draft is currently under review by the Council of Oman (with their approval expected in the second half of 2017), is expected to attract additional investments in the sector through reducing regulatory procedures and increasing transparency. Moreover, the recent discovery of reserves of minerals including gold, copper and certain rare earth elements is expected to boost the growth of the mining sector in the coming years. The Ninth Five Year Plan targets annual average growth of 6 per cent. from 2016 to 2020, albeit from a low base, in the mining sector.

The SGRF announced in January 2016 its planned investment in a new venture, Mining Development Oman ("MDO"), which plans to invest in Omani mining projects with local, regional, and international partners. SGRF, together with OIF, OOC and Oman National Investments Development Company, is expected to hold a 60 per cent. stake in MDO, with the remaining 40 per cent. stake to be offered to the public in an IPO expected to occur in due course.

Other key projects within the sector include the mineral processing and refining facilities in the Port of Duqm's industrial zone, which includes break-bulk terminal facilities for exporting minerals, with the first such shipment having occurred in 2015.

Wholesale and Retail Trade

Wholesale and retail trade accounted for 7.5 per cent. and 8.5 per cent. of nominal GDP in the years ended 31 December 2016 and 2015, respectively. Wholesale and retail trade employed approximately 14 per cent. of the private sector labour force (including approximately 13 per cent. of the expatriate private sector labour force and approximately 16 per cent. of the Omani national private sector labour force) in the year ended 31 December 2016. In terms of nominal GDP, this sector decreased by 16.7 per cent. in the year ended 31 December 2015.

Construction

The building and construction sector accounted for 9.0 per cent. and 7.7 per cent. of nominal GDP in the years ended 31 December 2016 and 2015, respectively. Building and construction employed approximately 35 per cent. of the private sector labour force (including approximately 36 per cent. of the expatriate private sector labour force and approximately 24 per cent. of the Omani national private sector labour force) in the year ended 31 December 2016. In terms of nominal GDP, this sector grew by 10.5 per cent. in the year ended 31 December 2016.

Banking and other financial services

Banking and other financial services accounted for 6.1 per cent. and 5.6 per cent. of nominal GDP in the years ended 31 December 2016 and 2015, respectively. Banking and other financial services employed approximately 1 per cent. of the private sector labour force (including approximately 0.1 per cent. of the expatriate private sector labour force and approximately 7 per cent. of the Omani national private sector labour force) in the year ended 31 December 2016. In terms of nominal GDP, this sector grew by 3.6 per cent. in year ended 31 December 2016.

The commercial banking sector in Oman features seven local banks, nine foreign commercial banks, two specialized banks and two sharia-compliant banks.

Real Estate and Business Activities

Real estate and business activities, accounted for 5.3 per cent. and 4.7 per cent. of nominal GDP in the years ended 31 December 2016 and 2015, respectively. These industries employed approximately 5.8 per cent. of the private sector labour force (including approximately 5 per cent. of the expatriate private sector labour force and approximately 11 per cent. of the Omani national private sector labour force) in the year ended 31 December 2016. Real estate and business activities grew by 6.3 per cent. in the year ended 31 December 2016.

Electricity and Water Supply

The electricity and water sector accounted for 2.2 per cent. and 1.9 per cent. of nominal GDP in the years ended 31 December 2016 and 2015, respectively. Electricity and water utilities employed approximately 0.2 per cent. of the private sector labour force (including approximately 0.1 per cent. of the expatriate private sector labour force and approximately 1.3 per cent. of the Omani national private sector labour force) in the year ended 31 December 2016. In terms of nominal GDP, this sector grew by 5.4 per cent. in the year ended 31 December 2016.

The Sector Law, which came into force on 1 August 2004 pursuant to Royal Decree No. (78/2004) provides the framework for electricity and related water services in Oman. It also provides the basis for the transfer of relevant assets and liabilities of the Ministry of Housing, Electricity and Water to a number of successor companies (the "**Transfer Scheme**"). Pursuant to the Transfer Scheme, the Ministry of Housing, Electricity and Water distributed all the electricity and related water activities to the operating subsidiaries of Electricity Holding Company S.A.O.C, a holding company that owns, on behalf of the Ministry of Finance, 99.99 per cent. of the issued and outstanding shares of the nine operating subsidiaries engaged in the procurement, generation, transmission and dispatch of electricity and related water services in Oman.

Employment

The total labour force in Oman was estimated to be approximately 2.07 million at the end of 2016, of which 1.8 million workers were employed in the civil sector (both public and private).

At the end of 2016, Omanis constituted approximately 11 per cent. of the labour force while expatriates, who constituted 46 per cent. of the total population, made up 89 per cent. of the labour force. Moreover, Omanis are disproportionately concentrated in the public sector. At the end of 2015, Omanis amounted to approximately 85 per cent. of those employed in the public sector as compared with expatriates who constituted approximately 89 per cent. of those employed in the private sector at the end of 2016. Of those expatriates employed in the private sector as at 31 December 2016, 37 per cent., 14 per cent. and 12 per cent. were employed in the construction sector, wholesale and retail trade sector and manufacturing sector, respectively.

The Vision 2020 plan has as one of its strategic objectives to increase the number of Omanis employed in the private sector and to reduce Oman's reliance on expatriate labour. Accordingly, in numerous Five Year Plans, and most recently in the Eighth Five Year Development Plan one objective has been to increase the percentage share of Omanis in the total labour force, a process known as "**Omanization**". The Government of Oman has therefore imposed quotas or ceilings, through the Ministry of Manpower, on the overall number of non-Omanis employed in various private and public-sector positions.

The Government of Oman has also increased the costs of employing expatriate labour by imposing an annual levy on private companies of OMR 100 per expatriate employee. Funds raised by the levy are placed in a Human Resources Development Fund to fund increased training for Omanis. The Government of Oman also has a policy to restrict the issuance of work permits to expatriates if qualified Omanis are available to do the relevant job.

In addition, the Royal Decree No. 48/2016 established the National Training Fund (the "**NTF**") in October 2016, which aims to build the capabilities of the Omani workforce in order to bridge the gap between the market supply and demand. The NTF aims to foster collaboration amongst priority sectors to identify employment opportunities and understand current requirements as well as future needs. In order to be able to achieve its goals the NTF has taken first steps in 2017 towards evaluating the current state of training efforts, benchmarking with experienced nations, and developing a roadmap that will assist in implementation.

The unemployment rate among the total labour force in Oman was estimated by the World Bank at 7.2 per cent. in 2014. The following table sets forth the unemployment rate among the total labour force and the unemployment rate among people between the ages of 15 and 24 as estimated by the World Bank in Oman for the four years ended 31 December 2014.

	2011	2012	2013	2014
Total unemployment rate.....	7.5	7.4	7.3	7.2
Youth (ages 15-24) unemployment rate	19.0	18.8	18.6	18.8

The following table sets forth the breakdown of Omani nationals in insured wage tiers at 31 March 2017.

	Monthly Wage								
	325-400	400-500	500-600	500-700	700-800	800-900	900-1000	1000-2000	2000+
	(OMR)								
Number of Omani national workers.....	77,843	52,607	23,778	18,948	11,175	8,801	6,663	25,467	10,443

The following table sets forth the GNI per capita in Oman for the five years ended 31 December 2015

	2011	2012	2013	2014	2015
	(OMR)				
GNI par capita.....	7,327.7	7,613.4	7,551.0	7,385.0	6,242.0

The Government of Oman encourages employment of Omani nationals, including women, through the funding of vocational training schemes to enable them to acquire the skills necessary for employment.

Invest Easy and Doing Business in Oman

The Invest Easy portal (also known as the One-Stop-Shop) was developed by the government of Oman in the early 2000s with the goal of providing citizens, entrepreneurs, prospective investors and businesses with the services and information they need quickly and efficiently. Invest Easy aims to achieve these goals by, among other means, providing a fast and efficient licensing and registration processes within a relatively short period of time and a single online entry point for the business community to access government services and information. Company registrations per year has increased to 22,000 in 2015 from 4,000 before the program began, and licenses issued per year have increased to 100,000 in 2015 from 25,000 prior to the program. The World Bank Group's Doing Business 2017 report ranked Oman 66th globally as compared to 70th in 2016, and Oman ranked 32nd in the category of starting a business (up from 149th in 2016). Notably, in 2016, Oman made starting a business easier by removing the requirement to pay a minimum capital amount within three months of incorporation and streamlining the registration of employees, and Oman facilitated cross-border trade by introducing a new online single window that allows for rapid electronic clearance of goods. As for GCC peers, in Doing Business 2017 the UAE ranked 26th overall, Bahrain ranked 63rd, Qatar ranked 83rd, Saudi Arabia ranked 94th and Kuwait ranked 102nd.

Key Indicators for Starting a Business

	Oman	MENA Average
Average procedures required.....	4.5	8.7
Average time (days).....	6.5	23.8
Average cost (per cent. of income per capita).....	4.0	24.7

Source: World Bank – Doing Business 2017

Preservation of the Environment

The preservation of environmental and water resources has been a central objective of Oman's development strategy since 1970. Oman's environmental regime is primarily regulated by the Law on the Conservation of the Environment and Combating of Pollution (Royal Decree No. 114/01) of 2001, which makes it mandatory for an owner of a place of work to minimize waste at the source of pollution. Oman's environmental protection regime is enforced by the Minister of the Environment and Climatic Affairs, as well as the Ministry of Regional Municipalities and Water Resources.

The Sultan Qaboos Prize for Environmental Preservation is a biennial award co-sponsored by the United Nations Educational, Scientific and Cultural Organization (UNESCO) and His Majesty in recognition of outstanding contributions by individuals, groups of individuals, institutes or organizations in the management or preservation of the environment.

MONETARY POLICY AND FINANCIAL SYSTEM

The Central Bank of Oman

The Central Bank of Oman was established in December 1974 (commencing operations on 1 April 1975) and is the monetary authority in Oman. The Banking Law 1974 (as amended via Royal Decree No. 114/2000 and further amended, the "**Banking Law**") sets out the Central Bank of Oman's functions and responsibilities which, in addition to the formulation and implementation of monetary policy, includes regulation and supervision of the banking system (including implementation of the "Basel III" package of reforms released by the Basel Committee in 2010 and 2011) and the handling of certain transactions on behalf of the Government of Oman. The Central Bank of Oman sets monetary policy independently after consulting with the Government of Oman about its fiscal policy objectives. The Central Bank of Oman also provides advice to the Government of Oman on economic policy.

The management of the Central Bank of Oman is conducted by the Deputy Chairman of the Board of Governors of the Central Bank of Oman, the Board of Governors and the Executive President of the Central Bank of Oman. Each of the Board of Governors and the Executive President are appointed by His Majesty (who is also the Chairman of the Board of Governors). The members of the Board of Governors are appointed for five year terms. The Banking Law empowers the Board of Governors to oversee the performance of all regulatory and policy related central banking functions in Oman. The Deputy Chairman of the Central Bank of Oman is also a member of the Financial Affairs and Energy Resources Council, which is responsible for Oman's fiscal policy, including the endorsement of the annual General State Budget. The Central Bank of Oman sets monetary policy independently after consulting with the Government of Oman about its fiscal policy objectives.

The primary function of the Central Bank of Oman is to maintain the stability of the national currency and the national banking system. In order to meet this responsibility, the Central Bank of Oman regulates the quantity of money in circulation, the general liquidity of commercial banks and the foreign currency payments of the banking system. The Central Bank of Oman coordinates with the Ministry of Finance with respect to the issuance of treasury bills and Development Bonds, including the amount of such instruments to be issued as well as their rate and maturity.

The following table sets forth the Central Bank of Oman balance sheet data as at 31 December for each of the six years ended 31 December 2016 and as at 28/29 February for the two months ended 28 February 2017 and 29 February 2016.

Central Bank of Oman Assets and Liabilities

	As at 31 December						As at 28/29 February		Per cent. change	
	2011	2012	2013	2014	2015	2016*	2016	2017*	As at 31 December 2016/2015	As at 28/29 February 2017/2016
<i>(OMR millions, except per cent.)</i>										
Foreign Assets	5,524.0	5,513.7	6,133.3	6,276.9	6,745.8	7,791.0	6,411.5	7,206.5	15.5	12.4
(a) Bullion	0.6	0.7	0.4	0.4	0.4	0.4	0.4	0.5	0.0	25.0
(b) IMF Reserve assets	146.9	148.3	153.0	144.5	135.4	127.2	135.0	101.1	(6.0)	(25.1)
(c) Placements abroad	1,434.5	1,097.1	1,216.6	860.4	1,358.0	2,510.7	1,735.2	1,995.5	84.9	15.0
(d) Securities	3,942.0	4,267.6	4,763.3	5,271.6	5,252.0	5,152.6	4,541.2	5,109.4	(1.9)	12.5
Due from Government	0.0	86.2	0.0	173.2	658.2	727.3	687.0	570.6	10.5	16.9
Due from Banks and other institutions**	0.3	27.7	0.1	0.4	0.3	0.3	0.1	0.7	0.0	600
Fixed Assets	20.9	29.8	33.8	40.5	36.4	36.9	37.0	36.9	1.5	(0.3)
Other Assets	136.3	131.6	150.7	147.7	148.1	310.8	62.0	157.0	109.9	153.2
Total Assets/Liabilities	5,681.5	5,789.0	6,317.9	6,638.7	7,588.8	8,866.3	7,404.5	8,205.3	16.8	10.8
Currency Issued	1,037.3	1,178.8	1,342.7	1,593.7	1,788.2	1,647.1	1,667.5	1,626.5	(7.9)	(2.5)
Net Worth	1,324.3	1,360.0	1,332.9	1,298.8	1,304.8	1,293.1	1,356.4	1,325.9	(0.9)	(2.3)
(a) Capital	500.0	500.0	500.0	700.0	760.0	760.0	760.0	760.0	0.0	0.0
(b) General Reserves	395.3	430.7	455.6	396.2	438.7	438.7	438.7	488.5	0.0	11.4
(c) Others	429.0	429.3	377.3	202.6	106.1	94.4	157.7	77.4	(11.0)	50.9
Due to Government	939.9	806.8	873.0	512.4	473.8	1,162.5	473.9	1,165.2	145.9	145.9
Due to banks and other institutions***	789.2	1,314.7	1,309.5	1,708.4	3,824.3	2,413.9	3,591.1	1,993.6	(36.9)	44.5
Foreign Liabilities**	107.1	106.1	106.6	100.0	95.9	2,127.1	95.7	1,844.4	2,118.0	1,827.3
Other Liabilities	1,483.7	1,022.6	1,353.2	1,425.4	101.8	17.4	13.5	16.0	(82.9)	18.5
(a) CDs	1,372.0	909.5	1,247.0	1,323.0	0.0	0.0	0.0	0.0	0.0	0.0
(b) Others	111.7	113.1	106.2	102.4	101.8	17.4	13.5	16.0	(82.9)	18.5

* Provisional

** Includes U.S. Dollar liquidity support scheme for local banks

*** Includes SDR allocations

Source: Central Bank of Oman

The Central Bank of Oman's total assets increased from 7,404.5 million as at 29 February 2016 to OMR 8,205.3 million as at 28 February 2017. The Central Bank of Oman's total foreign assets increased from OMR 6,411.5 million as at 29 February 2016 to OMR 7,206.5 million as at 28 February 2017.

Monetary and Exchange Rate Policy

The exchange rate of the Omani Rial has been pegged to the U.S. Dollar since 1973 and has remained unchanged at approximately U.S.\$2.600 per Omani Rial since 1986, aiding monetary stability. Since mid-2014, the Omani Rial has appreciated (in trade-weighted terms) against the currencies of Oman's major import partners in line with the U.S. Dollar.

The following table sets forth the average monthly nominal effective exchange rate index for Omani Rial against a basket of the currencies of Oman's 18 largest import partners for each of the three years ended 31 December 2016 and the two months ended 28 February 2017. Oman's 18 largest import partners did not change over the relevant periods.

Nominal Effective Exchange Rate Index (NEER)

(Base: 1999 = 100)

End of Period	Weighted Average*	Simple Average
2014		
Jan.....	96.2	91.7
Feb.....	95.9	91.1
Mar.....	95.7	90.3
Apr.....	95.3	89.7
May.....	95.3	89.9
June.....	95.1	89.7
July.....	95.4	90.1
Aug.....	96.5	91.5
Sep.....	98.4	94.0
Oct.....	98.6	94.4
Nov.....	100.8	96.1
Dec.....	101.6	97.4
2015		
Jan.....	102.9	100.0
Feb.....	102.8	99.9
Mar.....	104.6	102.7
Apr.....	103.3	100.5
May.....	104.7	102.0
June.....	103.9	101.1
July.....	105.0	102.9
Aug.....	104.5	103.3
Sep.....	104.5	103.8
Oct.....	105.0	104.2
Nov.....	106.3	106.0
Dec.....	105.2	104.5
2016		
Jan.....	106.0	105.6
Feb.....	105.0	105.3
Mar.....	103.1	101.8
Apr.....	102.5	101.5
May.....	103.5	103.3
June.....	102.7	103.0
July.....	102.6	102.9
Aug.....	102.6	102.9
Sep.....	102.6	102.5
Oct.....	103.9	104.7
Nov.....	106.1	107.2
Dec.....	107.3	108.4
2017		
Jan.....	103.8	106.5
Feb.....	103.8	106.5

* Weighted average of the exchange rates is calculated on the basis of foreign currency units per Omani Rial. Foreign currency units of Oman's largest 18 import partners are included in the index. Monthly indices for each year are based on weights derived

from the import values of the preceding year and are chain linked. A rise in the index indicates an appreciation of the Omani Rial.
Source: Central Bank of Oman

The pegging of the currency, combined with the absence of any exchange restrictions for international current and capital transactions, limits the Central Bank of Oman's ability to conduct an independent monetary policy. Accordingly, the main objective of the Central Bank of Oman's monetary policy is the regulation of bank liquidity with a view to ensuring price stability. The Central Bank of Oman at present does not set any specific targets for monetary variables. The Banking Law limits the ability of the Government to monetise its fiscal deficits with the Central Bank of Oman; loans and advances plus the face value of outstanding treasury bills by the Central Bank of Oman are legally restricted to a maximum of 10 per cent. of the budgeted recurrent revenue of the Government for the fiscal year in which such loans and advances are made and provided that any advance made shall be entirely repaid within 90 days.

The Central Bank of Oman has the legal authority to use a broad range of monetary policy instruments, the most important of which is open market operations using certificates of deposits issued by the Central Bank of Oman and treasury bills. Certificates of deposit were the primary instrument used by the Central Bank of Oman to control bank liquidity until the issuance of CBO certificates of deposit ceased in September 2015. The Government of Oman has issued treasury bills since 1987 and since August 1991 the Government of Oman has issued GDBs (with fixed interest rates) through the Central Bank of Oman with maturities of two to ten years. GDBs are generally sold to domestic purchasers but have also been placed with foreign investors. In addition, the Central Bank of Oman imposes a maximum limit on licensed banks' investment in GDBs and Sukuks issued by the Government of Oman. In April 2016, the maximum limit was raised from 30 per cent. of each bank's net worth (the amount by which the bank's assets exceed its liabilities) to 45 per cent. of each bank's net worth.

A second important monetary policy tool is minimum reserve requirements for commercial banks, which is set at 5 per cent. of the deposit base. With a view to augment bank liquidity, as of 1 April 2016 banks have been allowed to include investments in unencumbered treasury bills, GDBs and Sukuk as part of the eligible reserves up to a maximum of 2 per cent. of deposits.

A third important tool used by the Central Bank of Oman is the loans-to-deposits ratio limit that applies to commercial banks. This is set at 87.5 per cent. of the deposit base plus net balances due to banks and capital. Since the lending ratio is likely to be an important constraining factor in the behaviour of many banks, changes in the lending ratio will affect bank liquidity and the capacity of the banking system to engage in monetary and credit expansion. The ratio was last changed in January 2009.

A fourth important mechanism for regulating bank liquidity is the Central Bank of Oman's rediscount policies. The Central Bank of Oman rediscounts bills of exchange which have been accepted by banks, promissory notes with a maturity not exceeding 90 days and certain types of commercial paper. Individual bank access to the facility is subject to a ceiling that is set annually. Since the introduction of a rediscount facility in 1978, the rates on different types of paper have been changed depending on the Central Bank of Oman's monetary policy stance at the time. Since 2008 the rediscount rate on commercial paper has been between 4 per cent. and 4.75 per cent. depending on the degree of risk of such commercial paper.

Other monetary policy instruments at the Central Bank of Oman's disposal include foreign exchange exposure limits, currency swaps and the issuance of certificates of deposit. For example, since March 1980, the Central Bank of Oman has offered U.S. Dollar swaps to commercial banks. The Central Bank of Oman currently imposes a cost on these swaps to discourage banks from running short foreign exchange positions to profit from the spread between Omani Rial and U.S. Dollar interest rates, intending that banks should use these swaps mainly to obtain short-term liquidity. Furthermore, in order to absorb excess liquidity the Central Bank of Oman can also issue certificates of deposit with maturities of 28 days to commercial banks.

Money Supply

At 28 February 2017, the narrow measure of money (M1), which comprises local currency held by the public and local currency demand deposits, decreased by 3.8 per cent. as compared to 29 February 2016. The decrease was a result of the contraction in GDP and the resulting slowdown in the economy which caused a decrease in money supply and consequent fall in Central Bank of Oman deposits. At 28

February 2017, growth in broad money (M2), which comprises M1 plus savings, time and foreign currency deposits and margins (quasi money), increased 3.9 per cent. as compared to 29 February 2016.

The following table sets forth a survey of money aggregates as at each quarter's end for each of the six years ended 31 December 2016 and as at 28 February 2017.

Money Supply⁽¹⁾

End of Period	Currency with Public(1)	Demand Deposits(2)	Money Supply (M1) (3) = (1+2)	Per cent. Change in M1 Over Previous Year (4)	Quasi Money ⁽²⁾ (5)	Money Supply (M2)(6) = (3+5)	Per cent. Change in M2 Over Previous Year(7)
<i>(OMR millions, except per cent.)</i>							
2010							
Mar.	634.0	1,969.1	2,603.1	19.3	5,672.3	8,275.4	9.1
June.....	632.8	1,958.9	2,591.7	13.8	5,616.6	8,208.3	8.0
Sept.....	648.9	2,017.8	2,666.7	19.1	5,667.9	8,334.6	8.7
Dec.	702.0	2,173.9	2,875.9	21.6	5,908.9	8,784.8	11.3
2011							
Mar.	759.4	2,344.4	3,103.8	19.2	5,616.4	8,720.2	5.4
June.....	795.8	2,269.2	3,065.0	18.3	5,943.5	9,008.5	9.7
Sept.....	807.1	2,457.5	3,264.6	22.4	6,228.4	9,493.0	13.9
Dec.	843.1	2,221.8	3,064.9	6.6	6,790.0	9,854.9	12.2
2012							
Mar.	912.0	2,557.9	3,469.9	11.8	6,745.0	10,214.9	17.1
June.....	914.7	2,490.9	3,405.6	11.1	7,110.8	10,516.4	16.7
Sept.....	910.6	2,656.5	3,567.1	9.3	7,175.0	10,742.1	13.2
Dec.	925.9	2,566.4	3,492.3	13.9	7,419.7	10,912.0	10.7
2013							
Mar.	978.3	2,713.8	3,692.1	6.4	7,524.4	11,216.5	9.8
June.....	975.5	2,640.5	3,616.0	6.2	7,719.3	11,335.3	7.8
Sept.....	997.8	2,762.9	3,760.7	5.4	7,546.6	11,307.3	5.3
Dec.	1,039.2	2,955.7	3,994.9	14.4	7,942.6	11,937.5	9.4
2014							
Mar.	1,111.5	3,553.1	4,664.6	26.3	8,200.0	12,864.6	14.7
June.....	1,136.3	3,651.8	4,788.1	32.4	8,500.7	13,288.8	17.2
Sept.....	1,228.7	3,258.7	4,487.4	19.3	8,763.5	13,250.9	17.2
Dec.	1,188.2	3,619.8	4,808.0	20.4	8,958.9	13,766.9	15.3
2015							
Mar.	1,216.2	4,058.8	5,275.0	13.1	9,116.7	14,391.7	11.9
June.....	1,261.6	4,139.9	5,401.5	12.8	9,354.4	14,755.9	11.0
Sept.....	1,282.3	3,959.3	5,241.6	16.8	9,478.5	14,720.1	11.1
Dec.	1,395.3	3,973.0	5,368.3	11.7	9,777.4	15,145.7	10.0
2016							
Mar.	1,314.7	4,109.3	5,424.0	2.8	10,103.0	15,526.9	7.9
June.....	1,369.3	3,985.5	5,354.8	(0.9)	10,190.6	15,545.4	5.4
Sept.....	1,316.0	3,837.9	5,154.0	(1.7)	10,385.7	15,539.7	5.6
Dec*	1,299.3	3,679.4	4,978.7	(7.3)	10,445.2	15,423.8	1.8
2017							
Feb*	1,281.8	3,718.5	5,000.3	(3.8) ⁽³⁾	10,813.0	15,813.3	3.9 ⁽³⁾

* Provisional

⁽¹⁾ Includes conventional banks and Islamic banks and windows

⁽²⁾ Quasi Money is the aggregate of Omani Rial time and savings deposits, certificates of deposit issued by commercial banks, margins and foreign currency deposits.

⁽³⁾ Money Supply (M1) and Money Supply (M2) as at 29 February 2016 was OMR 5,200.1 million and OMR 15,216.8 million, respectively.

Source: Central Bank of Oman

The following table sets forth a survey of factors affecting broad money as at 31 December for each of the six years ended 31 December 2016 and as at 28/29 February for the two months ended 28 February 2017 and 29 February 2016.

Monetary Survey⁽¹⁾: Factors Affecting Broad Money (M2)

End of Period	As at 31 December						As at 28/29 February		Change in OMR million	Per cent. Change
	2011	2012	2013	2014	2015	2016*	2016	2017*	Feb 2017/ 2016	Feb 2017/ 2016
<i>(OMR millions, except per cent.)</i>										
1. Broad money (A+B).....	9,854.9	10,912.1	11,937.5	13,766.9	15,145.7	15,423.8	15,216.8	15,813.3	596.5	3.9
A. Money	3,064.9	3,492.4	3,994.9	4,808.0	5,368.3	4,978.7	5,200.1	5,000.3	(199.8)	(3.8)
(a) Currency with public	843.1	926.0	1,039.2	1,188.2	1,395.3	1,299.3	1,292.4	1,281.8	(10.6)	(0.8)
(b) Demand deposits in OMR	2,221.8	2,566.4	2,955.7	3,619.8	3,973.0	3,679.4	3,907.7	3,718.5	(189.2)	(4.8)
B. Quasi Money	6,790.0	7,419.7	7,942.6	8,958.9	9,777.4	10,445.2	10,016.7	10,813.0	796.3	8.0
(of which foreign cy. deposits)	(928.5)	(821.6)	(887.3)	(1,088.1)	(1,169.7)	(1,072.6)	(1,244.8)	(1,147.7)	97.1	7.8
2. Foreign Assets (net)	5,882.4	5,952.8	6,763.6	6,546.4	4,608.4	4,561.6	4,107.1	4,735.6	628.5	15.3
Central Bank	5,416.9	5,407.6	6,026.7	6,176.9	6,649.9	5,663.9	6,316.2	5,362.0	(954.2)	(15.1)
Other Depository Corporations	465.5	545.2	736.9	369.5	(2,041.5)	(1,102.3)	(2,209.1)	(626.4)	1,582.7	(71.6)
3. Domestic Assets	3,972.5	4,959.2	5,173.9	7,220.5	10,537.3	10,862.2	11,109.7	11,077.7	(32)	(0.3)
(a) Claims on Government (net) (i-ii)	(3,879.7)	(4,146.1)	(4,829.8)	(4,810.8)	(3,224.5)	(4,547.9)	(3,062.3)	(4,557.5)	(1,495.2)	(48.8)
(i) Government borrowings	433.3	615.7	613.8	835.0	2,628.8	2,537.9	2,618.3	2,489.3	(129)	(4.9)
(ii) Government deposits	4,313.0	4,761.8	5,443.7	5,645.8	5,853.3	7,085.9	5,680.6	7,046.8	1,366.2	24.1
(b) Domestic claims on Pvt. Sector	10,939.7	12,577.2	13,906.9	15,966.1	18,185.8	19,985.6	18,589.3	20,336.6	1,747.3	9.4
(c) Claims on Public enterprises	1,471.2	1,714.2	1,750.0	2,016.1	1,982.3	2,098.3	2,031.6	1,913.6	(118)	(5.8)
(d) Other items (net) (i-ii)	4,558.7	5,186.1	5,653.2	5,950.9	6,406.3	6,673.7	6,448.9	6,615.0	166.1	2.6
(i) Central Bank	3,633.9	3,761.0	4,114.5	4,649.4	5,438.8	3,929.5	5,237.0	3,485.7	(1,751.3)	33.4
(ii) Other Depository Corporations	924.8	1,425.1	1,538.7	1,301.4	967.5	2,744.3	1,211.9	3,129.4	(1,917.5)	158.2

* Provisional

⁽¹⁾ Monetary survey aggregates includes conventional banks and Islamic banks and windows

Source: Central Bank of Oman

The 3.9 per cent. increase in broad money (M2) from OMR 15,216.8 million as at 29 February 2016 to OMR 15,813.3 million as at 28 February 2017 is explained by the 15.3 per cent. increase in foreign assets from 4,107.1 OMR as at 29 February 2016 to OMR 4,735.6 million as at 28 February 2017, which was partially offset by the slight 0.3 per cent. decrease in domestic assets from OMR 11,109.7 million as at 29 February 2016 to OMR 11,077.7 million as at 28 February 2017.

Inflation

The annual inflation rate as measured by movements in the average consumer price index for Oman was 1.1 per cent. in 2016 compared to 0.06 per cent. in 2015 and 1.0 per cent. in 2014. While inflation has increased, it remains relatively low which is attributable to the decline in commodities prices, reduced government spending and a notable appreciation of the U.S. Dollar in real effective terms since mid-2014.

The following table sets forth the consumer price index for Oman by type of expenditure as at 31 January 2017 and 2016 and as at 31 December 2016, 2015 and 2014.

Consumer Price Index for Oman

(Base Price: Average price of Jan-Dec 2012 = 100)

							Average per cent. change (Jan-Jan 2016-2017)
Items of Consumption	Weights	Dec-2014	Dec-2015	Jan-16	Dec-2016	Jan-17	
Food and non-alcoholic							
1. beverages	23.903	105.0	104.8	102.8	101.8	100.9	(1.8)
Bread and cereals	3.02	102.3	100.8	98.9	99.7	99.3	0.3
Meat	6.1	103.4	103.3	99.8	103.5	99.7	(0.1)
Fish and seafood	2.2	110.6	105.0	111.1	101.6	108.5	(2.3)
Milk, cheese and eggs	2.8	102.5	101.4	101.5	99.1	99.8	(1.7)
Oil and fats	0.7	100.4	99.4	98.5	99.3	99.5	1.0
Fruits	2.8	108.6	110.5	107.2	104.6	104.3	(2.7)
Vegetables	2.5	111.8	116.9	104.0	99.9	92.4	(11.2)
Sugar, jam, honey and confectionary	1.1	99.6	100.4	102.1	100.8	102.5	0.4
Food products n.e.c.	0.5	101.1	101.4	106.0	101.0	105.1	(0.8)
Non-alcoholic beverages	2.0	103.4	103.0	104.8	103.8	106.2	1.3
2. Tobacco	0.1	104.6	106.5	109.4	129.8	125.0	14.3
3. Clothing and footwear	6.0	100.9	100.8	99.6	100.4	97.9	(1.7)
Housing, water, electricity, gas and other							
4. fuels	26.5	101.8	102.2	103.5	102.8	104.4	0.9
Furnishings, household equipment and routing							
5. household maintenance	3.8	109.3	109.4	110.8	110.1	114.0	2.9
6. Health	1.2	107.6	110.8	104.2	111.5	104.2	0.0
7. Transport	19.2	100.5	98.9	101.4	108.2	110.9	9.5
8. Communication	5.6	98.8	98.7	98.4	95.7	95.5	(3.0)
Recreation and entertainment							
9. entertainment	1.1	98.8	98.6	97.1	98.2	96.9	(0.2)
10. Education	1.4	114.0	117.4	124.7	120.7	128.0	2.6
11. Restaurant and hotels	6.1	102.3	102.4	100.4	102.9	100.2	(0.2)
Miscellaneous goods and services							
12. services	5.2	100.3	100.1	99.3	100.3	101.4	2.1
General Price Index	100.000	102.5	102.4	102.7	103.5	104.6	1.8

(1) The weights are produced from the Household Expenditure and Income Survey, 2008-2010

(2) Data collected from all regions of Oman excluding Musandam Governorate and Al Wushta Region

(3) The collection is based on 28,168 items of goods and services from 1,721 selected sources, while rent is collected from a sample of 1,150 rented units

Source: National Center For Statistics & Information, Directorate General of Economic Statistic, Monthly Surveys of Consumption Goods.

Banking System

Commercial Banks

Conventional commercial banks are the main institutions in the Omani financial system. At 28 February 2017, there were seven local banks and nine foreign banks.

Total consolidated assets of conventional commercial banks decreased by 4.0 per cent. to OMR 27,233.5 million as at 28 February 2017 from OMR 28,189.2 million as at 29 February 2016. Of the total assets, credit disbursement accounted for 72.2 per cent. of the total and increased by 5.1 per cent. as at 28 February 2017 to OMR 19,653.5 million as compared to OMR 18,692.7 million as at 29 February 2016. Credit to the private sector increased by 7.4 per cent. to reach OMR 17,763.6 million as at 28 February 2017 as compared to OMR 16,543.3 million as at 29 February 2016. Commercial banks' overall investments in securities increased by 3.0 per cent. to OMR 3,001.3 million as at 28 February 2017 from OMR 2,913.6 million as at 29 February 2016. Investment in Government Development Bonds and Sukuk increased by 19.0 per cent. to OMR 1,027.9 million as at 28 February 2017 from OMR 863.9 million as at 29 February 2016. Banks also invested OMR 451.6 million in Government Treasury Bills as at 28 February 2017. Commercial banks' investments in foreign securities stood at OMR 897.2 million as at 28 February 2017, registering a increase of 8.2 per cent. compared to 29 February 2016.

The following table sets forth key commercial banking indicators as at 31 December for each of the six years ended 31 December 2016 and as at 28/29 February for the two months ended 28 February 2017 and 29 February 2016.

Item	As at 31 December						As at 28/29 February	
	2011	2012	2013	2014	2015	2016*	2016	2017*
<i>(OMR millions, except per cent.)</i>								
Total Assets	18,407.6	20,855.7	22,355.6	24,821.3	28,189.2	27,057.5	28,358.4	27,233.5
Total Credit	12,514.9	14,319.6	15,177.4	16,898.4	18,315.7	19,704.6	18,692.7	19,653.5
Total Deposits	12,573.3	14,171.7	15,586.2	17,278.9	17,873.0	18,253.9	17,831.8	18,491.0
Credit to deposits (%)	99.5	101.0	97.4	97.8	102.5	107.9	104.8	106.3
Cash and clearing to total deposits (%)	7.7	11.0	9.8	10.9	20.9	9.8	19.4	8.6
Capital and reserves to total deposits (%)	18.3	19.1	19.3	18.8	18.4	20.3	21.1	21.9
Provision and reserve interest to total credit ⁽¹⁾ (%)	3.6	3.6	3.6	3.5	3.4	3.4	3.4	3.5

* Provisional

⁽¹⁾ Includes general and specific provisions

Source: Central Bank of Oman

In order to ensure the soundness and solvency of Oman's commercial banks, the Central Bank of Oman has specified minimum capital adequacy requirements that are higher than those required under Basel norms. The CET1, Tier 1 and total capital adequacy ratio (CAR) have been specified at 7.0 per cent, 9.0 per cent and 12.0 per cent, respectively, which are significantly higher than the corresponding Basel norms. The Central Bank of Oman has also issued norms for a Capital Conservation Buffer and a Countercyclical Capital Buffer of 2.50 per cent. each which are in alignment with Basel III norms. The Capital Conservation Buffer for the year ended 31 December 2016 is 0.625 per cent. The Capital Conservation Buffer will further increase to 2.50 per cent. by 1 January 2019 with an increment of 0.625 per cent. every year from 2017 to 2019.

Basel III also introduced measures to strengthen capital requirements for trading book and complex securitisation exposures, as well as that for counterparty credit risk exposures arising from derivatives, repo and securities financing activities. Such activities remain less complex in Oman, with risks remaining at manageable levels. The CBO does not expect the implementation of these enhancements to be a priority for Oman in the immediate term.

A final decision to formally adopt the Leverage Ratio as a binding measure, including the needed fine tuning of the measurement of the Leverage Ratio, is planned to be made by the CBO closer to the targeted 2018 deadline set under Basel III. Based on their current profiles, all licensed banks are expected to comfortably meet the 3 per cent leverage level proposed by Basel Committee on Banking Supervision.

The CBO has developed a framework to identify and supervise domestic systemically important banks which includes higher capital requirements that are commensurate with the systemic importance of the identified bank.

The Central Bank of Oman has issued guidelines on the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The LCR requirement is being implemented in a phased manner from 2015 when it was specified at 60 per cent. The ratio will increase by 10 per cent. every year until it reaches 100 per cent. in 2019. NSFR of 100 per cent. will be applicable from January 2018.

The CBO also regularly performs stress testing on the capital sufficiency of commercial banks in certain oil price scenarios. As of the most recent stress testing completed in September 2016, only a limited number of smaller banks would not have sufficient capital in a scenario where the oil price fell below U.S.\$25.

The following table sets forth the combined balance sheet of conventional banks as at 31 December for each of the six years ended 31 December 2016 and as at 28/29 February for the two months ended 28 February 2017 and 29 February 2016.

	As at 31 December						As at 28/29 February		Per cent. change	
	2011	2012	2013	2014	2015	2016*	2016	2017*	Year 2016/2015	Feb 2017/2016
<i>(OMR millions, except per cent.)</i>										
Cash and deposits with CBO.....	978.9	1,568.0	1,537.7	1,979.0	4,057.1	2,511.0	3,792.9	2,038.1	(38.1)	(46.3)
Due from Head Office, affiliates and banks abroad.....	1,794.8	1,889.5	1,876.7	1,826.5	1,717.9	1,400.4	1,703.4	1,409.0	(18.5)	(17.3)
Total Credit.....	12,514.9	14,319.6	15,177.4	16,898.4	18,315.7	19,704.6	18,692.7	19,653.5	7.6	5.1
a) Credit to private sector.....	10,800.0	12,414.2	13,262.1	14,704.0	16,207.4	17,539.2	16,543.3	17,763.6	8.2	7.4
b) Credit to public enterprises.....	1,460.3	1,699.8	1,731.1	1,973.1	1,903.7	1,796.3	1,956.4	1,610.5	(5.6)	(17.7)
c) Credit to Government.....	32.9	31.3	18.4	21.7	12.1	107.3	5.8	12.9	785.6	122.4
d) Credit to non-residents.....	221.7	174.3	165.8	199.6	192.5	261.8	187.2	266.4	36.0	43.3
Securities.....	2,200.0	2,133.5	2,550.3	2,912.9	3,046.8	2,433.5	2,913.6	3,001.3	(20.1)	3.0
a) Treasury Bills.....	0.0	0.0	0.0	0.0	464.2	305.4	395.5	451.6	(34.2)	14.2
b) Government Bonds.....	400.4	470.2	567.5	564.0	828.6	970.8	863.9	1,027.9	17.2	19.0
c) CBO CDs.....	1,372.0	909.5	1,247.0	1,323.0	0.0	0.0	0.0	0.0	0.0	0.0
d) Domestic shares.....	118.7	122.3	149.1	156.9	133.7	117.9	136.2	120.2	(11.8)	(11.8)
e) Other domestic securities.....	33.3	84.5	84.5	160.3	699.9	505.0	688.7	504.3	(27.8)	(26.8)
f) Foreign securities.....	275.6	547.0	502.2	708.6	920.5	534.4	829.2	897.2	(41.9)	8.2
Fixed assets.....	180.7	176.5	189.0	209.7	216.6	225.3	216.6	225.3	4.0	3.7
Other assets.....	738.3	768.6	1,024.5	994.9	835.1	782.8	597.1	485.2	(6.3)	(18.7)
Total assets/liabilities.....	18,407.6	20,855.7	22,355.6	24,821.3	28,189.2	27,057.5	28,358.4	27,233.5	(4.0)	(4.0)
Total Deposits.....	12,573.3	14,171.7	15,586.2	17,278.9	17,873.0	18,253.9	17,831.8	18,491.0	2.1	(3.7)
a) Government deposits.....	3,373.1	3,955.1	4,504.3	4,959.4	4,789.5	4,898.7	4,642.3	4,890.7	2.3	5.4
b) Deposits of public enterprises.....	980.5	969.2	935.4	879.7	950.2	901.9	1,019.9	890.0	(5.1)	(12.7)
c) Deposits of private sector.....	8,031.3	9,016.8	9,857.6	11,184.3	11,868.9	12,201.4	11,901.3	12,448.0	2.8	4.6
i) Demand.....	2,272.3	2,575.6	2,985.9	3,740.9	3,853.6	3,635.6	3,762.3	3,756.6	(5.7)	(0.2)
ii) Savings.....	2,517.5	2,949.7	3,384.2	3,992.6	4,392.7	4,480.7	4,450.6	4,581.2	2.0	2.9
iii) Time.....	3,157.4	3,392.1	3,371.6	3,306.6	3,362.7	3,766.8	3,392.0	3,784.5	12.0	11.6
iv) Commercial prepayments.....	84.1	99.4	116.0	144.2	259.9	318.3	296.3	325.8	22.5	10.0
(of which in foreign currency).....	640.2	629.6	681.6	860.6	909.0	927.2	941.3	962.8	2.0	2.3
d) Deposits of non-residents.....	188.4	230.6	288.9	255.5	264.3	251.9	268.4	262.4	(4.7)	2.2
Due to Head Office, affiliate and banks abroad.....	1,433.2	1,687.4	1,352.0	1,547.4	3,809.0	1,935.8	3,798.5	1,789.8	(49.2)	52.9
Core Capital and Reserves.....	2,302.7	2,712.8	3,009.0	3,244.2	3,765.7	4,068.1	3,764.2	4,057.6	8.0	7.8
Supplementary Capital.....	636.0	572.5	633.1	651.4	707.6	617.5	699.3	553.6	(12.7)	(20.8)
Total provisions and reserved interest.....	469.7	532.2	560.8	597.0	644.3	689.0	661.3	703.5	6.9	6.4
(of which general provisions).....	162.0	189.8	197.2	218.7	236.2	255.7	240.7	254.9	8.3	5.9
Other liabilities.....	992.7	1,179.1	1,214.6	1,502.4	1,925.3	1,949.9	1,992.7	1,953.7	7.4	(2.0)

* Provisional
Source: Central Bank of Oman

Aggregate deposits held with conventional banks registered an decrease of 3.7 per cent. to OMR 18,491.0 million as at 28 February 2017 from OMR 17,831.8 million as at 29 February 2016. Government deposits with conventional banks increased by 5.4 per cent. to OMR 4,890.7 million as at 28 February 2017. Deposits of public enterprises decreased by 12.7 per cent. to OMR 890.0 million during the same period. Private sector deposits, which constituted 67.3 per cent. of total deposits with conventional banks, increased by 4.6 per cent. to OMR 12,448.0 million as at 28 February 2017 from OMR 11,901.3 million as at 29 February 2016. As at 28 February 2016, households represented 48.6 per cent., of the total private sector deposit base, followed by non-financial corporations at 29.5 per cent., financial corporations at 19.0 per cent. and other sectors at 2.9 per cent.

In 1995, the Central Bank of Oman established a deposit insurance scheme that covers up to OMR 20,000 of the amount deposited. Any commercial bank that becomes a member of the deposit insurance scheme is required to pay an initial membership contribution. Ongoing membership contributions are collected on an annual basis. All commercial banks licensed by the Central Bank of Oman to accept deposits are required to pay an initial membership contribution proportionate to their total deposits. The member banks are also required to pay an annual premium to the deposit insurance scheme of 0.05 per cent. of the total value of average monthly eligible deposits with the applicable bank. Eligible deposits include savings deposits, current accounts, call deposits, time deposits, government deposits and deposits related to trusts or pension funds. The Central Bank of Oman is required to pay an annual premium equivalent to 50 per cent. of the total annual premiums paid by the member banks. As at 28 February 2017, the total assets of the deposit insurance scheme were OMR 121.9 million, of which approximately OMR 8.8 million comprised membership contributions by commercial banks and OMR 4.4 million was contributed

by the Central Bank of Oman. The insurance scheme is administered by the Central Bank of Oman in conjunction with the commercial banks.

Islamic Banks

Oman has two Islamic banks and six conventional local commercial banks with Islamic windows. Islamic banking entities provided financing of OMR 2,552.2 million and OMR 2,425.9 million as at 28 February 2017 and 31 December 2016, respectively, compared to OMR 1,781.3 million as at 31 December 2015. Total deposits held with Islamic banks and windows also registered a significant increase to OMR 2,308.6 million and OMR 2,169.8 million as at 28 February 2017 and 31 December 2016, respectively, from OMR 1,539.4 million outstanding as at 31 December 2015. The total assets of Islamic banks and windows combined amounted to OMR 3,272.1 million and OMR 3,079.8 million as at 28 February 2017 and 31 December 2016, respectively, which constituted about 10.7 per cent. and 10.2 per cent. of the banking system assets.

Specialist Banks and Export Credit Guarantee Agency

The Government of Oman wholly-owns the Oman Development Bank ("**ODB**"), which grants medium and long-term loans to finance projects in the industrial, fisheries, agriculture and services sectors. The government of Oman also guarantees its borrowings up to four times its paid-up capital plus reserves. Total assets of the ODB decreased from OMR 171.6 million at 31 December 2015 to OMR 170.2 million at 31 December 2016. The ODB granted loans for a total principal amount of OMR 126.8 million through 31 December 2016 to projects, principally in the fisheries, agriculture, tourism mining and manufacturing sectors.

The Government of Oman also wholly owns the Oman Housing Bank ("**OHB**") which provides low cost loans to Omanis to buy or construct subsidized homes. Total assets of the OHB increased to OMR 446.8 million at 31 December 2016 from OMR 404.9 million at 31 December 2015. As at 31 December 2016 outstanding mortgage loans stood at OMR 430.2 million.

The Export Credit Guarantee Agency ("**ECGA**") provides export and domestic insurance cover, interest subsidies on post-shipment financing from commercial banks for Omani exporters and guarantees for pre-shipment financing from commercial banks for Omani exporters. As at 28 February 2017, total credit limits issued against exposure to both commercial and political risks to various exporters by the ECGA stood at OMR 896.5 million as compared with OMR 837.4 million as at 31 December 2015.

Interest Rates

The weighted average interest rate on OMR deposits increased from 0.936 per cent. in December 2015 to 1.587 per cent. in February 2017, while the weighted average OMR lending rate increased from 4.762 per cent. to 5.122 per cent. during the same period. The overnight Omani Rial domestic inter-bank lending rate firmed up to 0.470 per cent. in December 2016 from 0.189 per cent. in December 2015.

The policy rate of the CBO (repo rate) has been more or less fixed at 1 per cent. per annum since March 2012, with slight increases in QIII and QIV 2016 and in period ended 28 February 2017. The following table sets forth the Central Bank of Oman's policy rates for each of the six years ended 31 December 2016 and the two months ended 28 February 2017.

End of period	CBO policy rate	
	Weighted average interest Average rate on rates for certificates repos with of deposits (per cent.) ⁽¹⁾	Average rates for repos with CBO (per cent.) ⁽²⁾⁽³⁾
2011		
QI.....	0.068	2.000
QII.....	0.030	2.000
QIII.....	0.039	2.000
QIV.....	0.100	2.000
2012		
QI.....	0.083	1.000
QII.....	0.074	1.000
QIII.....	0.070	1.000
QIV.....	0.093	1.000

End of period	CBO policy rate	
	Weighted average interest Average rate on rates for certificates repos with of deposits (per cent.) ⁽¹⁾	Average rates for repos with CBO (per cent.) ⁽²⁾⁽³⁾
2013		
QI.....	0.127	1.000
QII.....	0.130	1.000
QIII.....	0.130	1.000
QIV.....	0.130	1.000
2014		
QI.....	0.122	1.000
QII.....	0.123	1.000
QIII.....	0.126	1.000
QIV.....	0.130	1.000
2015		
QI.....	0.126	1.000
QII.....	0.097	1.000
QIII.....	0.000	1.000
QIV.....	0.000	1.000
2016		
QI.....	0.000	1.000
QII.....	0.000	1.000
QIII.....	0.000	1.025
QIV.....	0.000	1.193
2017		
Jan.....	0.000	1.268
Feb.....	0.000	1.276

⁽¹⁾ Relates to CDs of 28 days maturity only

⁽²⁾ Simple average rates applicable during the month

⁽³⁾ Excluding intra-day repos with the CBO

Source: CBO

Since 1993, interest rates have been deregulated, with the exception of the personal loan segment. The interest rate ceiling on personal loans has been reduced over the years and since October 2013 has been fixed at 6 per cent. per annum.

Bank Regulation and Supervision

Anti Money Laundering/Combating the Financing of Terrorism ("AML/CFT")

Oman issued AML/CFT law 79/2010 (which replaced the AML law 34/2002) based upon Financial Action Task Force ("FATF") recommendations, resolutions, and conventions issued by the UN and signed up to by the Sultanate. Executive Regulation 72/2004 has been issued for combating money laundering.

A comprehensive AML/CFT law was promulgated by Royal Decree 30/2016. This new AML/CFT law replaces the previous AML/CFT law 79/2010 and based on technical assistance provided by the IMF reflects all the amendments of the Financial Action Task Force ("FATF") recommendations of 2012. All AML/CFT regulations, procedures, circulars that are issued and implemented by the banking and financial fields are based on the previous legislation and will be amended further as required, but in the meantime, continue to apply to the extent that they do not conflict with the new AML/CFT law, as does Executive Regulation 7/2004, which has been issued for combating money laundering. The new AML/CFT law provides for the establishment of the National Centre for Financial Information (the "Centre") which assumed the role of the Royal Oman Police's Financial Intelligence Unit in June 2016.

KYC Procedures

The regulations imposed on all financial institutions with regards to KYC procedures include the exercise of due diligence to verify, identify and update the identity of customers and actual beneficiaries as well as to know the purpose of the business relationship. Institutions are required to not open anonymous accounts or accounts under assumed or fictitious names, numbers or codes or provide any services to them. Financial institutions are also required to classify their customers and services according to the degree of risk of money laundering and terrorism financing and exercise special care when dealing with politically exposed persons. They are required to monitor customer transactions on an ongoing basis and

verify the sources of their funds to ensure conformity with the information available on their identity, nature of their activities and the degree of risk. Financial institutions in Oman are prohibited from dealing with correspondent banks not adhering to AML/CFT laws and FATF recommendations or subject to UN sanctions. They are also prohibited from dealing with shell companies or entities. Financial institutions receiving wire transfers are required not to act upon them unless they contain a statement of identity verification and where the remitter and beneficiary are known.

Suspicious Transactions

Financial institutions are required to report to the Centre, regarding suspicious transactions as soon as they are suspected of being related to the proceeds of crime, terrorism, terrorism crime or a terrorist organization or involving money laundering or terrorist financing, whether such transactions have or have not been conducted.

Monitoring Systems

Institutions are required to establish an electronic data system to monitor all electronic banking transactions with the purpose of enabling institutions to report unusual transactions, track suspicious transactions, generate required reports, track abnormal deposits including large amounts or amounts from countries listed as non-cooperative countries, countries not applying FATF recommendations and countries/individuals subject to UN sanctions. The system should be capable of tracking the names of individuals/entities listed in the UN sanction lists.

Data Systems

Institutions are requested to follow a system for the retention of documents and records, which must be kept for a minimum of 10 years. Financial institutions are required to keep the authenticated copies of these documents and records for 10 years. Banks are required to improve technology so as to ensure robust monitoring and compliance.

Bank Compliance Officer

Financial institutions are required to appoint a Money Laundering Compliance Officer who is the focal point of contact through whom suspicious transaction reports are made to the Centre). The compliance officer reports cases of money laundering and suspicious transactions, receives communications in this regard and ensures that the institutions internal controls system operates efficiently. The compliance officer is supposed to observe confidentiality and honesty in performing his work and, by law, higher management should not attempt to influence any of his decision making in respect of reporting suspicious transactions to the Centre. Financial institutions are required to provide training programs in KYC procedures, updates to the FATF recommendations and orientation on the regulation and policies of AML/CFT to their employees.

Capital Markets Authority

The Capital Markets Authority (the "CMA") was established by Royal Decree 80/98 issued on 9 November 1998, and commenced its duties on 9 January 1999.

The CMA is a government entity with financial and administrative independence. The principal role of the CMA is to supervise the capital market and insurance sectors in Oman and to develop the legal framework governing the same (for example, by promulgating the Code of Corporate Governance for companies listed on the Muscat Securities Market). A number of entities are regulated by the CMA, including the Muscat Securities Market.

The CMA also aims to promote market efficiency for investors and raise awareness of investor rights and the importance of capital markets.

Muscat Securities Market

The Muscat Securities Market has been trading since 1989. The Muscat Securities Market is controlled by a board of directors headed by Dr. Ashraf bin Nibhan al Nabhani (chairman).

Overall market capitalization of the Muscat Securities Market increased from approximately OMR 15.7 billion at 31 December 2015 to OMR 17.9 billion at 30 April 2017. Trading volumes decreased in 2016 and the four months ended 30 April 2017 to OMR 0.7 billion from OMR 1.4 billion in the year ended 2015. The Muscat Securities Market share price index, which equalled 1,000 in 1990, increased to 5,513.2 at 28 February 2017 from 5,406.2 at 31 December 2015.

The following table sets forth recent key Muscat Securities Market indicators.

Items	Per cent. change Jan – Mar	Total (End – Mar)		2017			2016
	(2016/ 2017)	2017	2016	Mar	Feb	Jan	Dec
(A) Share Price Index (by Activity)							
– Manufacturing.....	17.1	7,801	6,662	7,801	7,907	7,591	7,407
– Financial	13.4	7,834	6,907	7,834	8,165	7,948	7,672
– Services.....	(7.0)	2,886	3,102	2,886	3,008	3,023	3,059
Total	1.5	5,550.6	5,467.4	5,550.6	5,780.0	5,776.2	5,782.7
(B) Total Number Of Shares							
Traded (000).....	1.9	1,259,356	1,235,511	426,876	469,399	363,081	4,633,357
(C) Total Value (000) R.O.....	14.0	300,689	263,768	107,315	116,006	77,368	958,869
(D) Net stock Investors (000) R.O							
Omanis	—	28,067	38,927	8,124	12,141	7,802	86,354
GCC	—	(9,285)	(1,775)	1,422	(5,512)	(5,195)	1,822
Arabs	—	433	78	(60)	335	158	427
Foreigners	—	(19,215)	(37,230)	(9,486)	(6,964)	(2,765)	(88,603)

Notes:

June 1990 is the base year

Share Price Index represents the end of the respective periods

Source: Muscat Securities Market

PUBLIC FINANCE

General

Oman's annual budget process is as follows: each Ministry prepares its budget for the following year based on its expenditure requirements and forecasted revenues. All Ministries then submit their budgets to the Ministry of Finance which examines the proposals to ensure that they are in accordance with the revenue and expenditure framework adopted by the current Five Year Plan. The Ministry of Finance then prepares a consolidated budget that is submitted to the Financial Affairs and Energy Resource Council for review and approval. Amongst other factors, the Financial Affairs and Energy Resource Council reviews the consolidated budget proposal in light of forecasted oil prices for the year, the present and targeted levels of the Governments' reserves, and the proposed deficit financing requirements. It is then forwarded to the Council of Ministers who then forwards it to the State Council (Majlis Al Dwala) and the Consultative Council (Majlis Al Shura) who then review and make suggestions. Such suggestions are then forwarded to the Council of Ministers. Following their review, the Council of Ministers forward the budget with consolidated suggestions to the Financial Affairs Energy Resources Council who in turn forward it to Ministry of Finance for effecting necessary changes to the budget. Once the budget is finalized it is submitted to the Council of Ministers for final approval. Once approved, it is then reviewed by the Ministry of Legal Affairs for the necessary issuance of a Royal Decree by His Majesty, which is normally issued at the beginning of each year.

2010 – 2016 Actual Consolidated Government Finances

The following table sets forth the actual revenues, expenditures and net lending for each of the seven years ended 31 December 2016 for the consolidated government finances. It notably includes income from the SGRF and the related oil and other funds as well as grants. Revenues from the SGRF and the other funds are not considered when the government calculates the size of its deficit, if any, that it needs to fund

Consolidated Government Finances

	Year ended 31 December 2016						
	2010	2011	2012	2013	2014	2015	2016*
	(OMR millions)						
Revenue and Grants	8,879.2	12,733.7	14,351.7	15,004.6	14,426.0	9,255.3	7,623.5
Revenues	8,869.9	12,720.2	14,345.8	14,998.8	14,419.6	9,015.9	7,415.0
Oil Revenue	6,331.3	9,878.7	10,668.7	10,962.7	10,427.1	5,657.5	3,653.8
Gas and LNG-related Revenue	1,219.7	1,579.4	1,976.5	1,939.5	2,086.1	1,745.3	1,665.2
Nonhydrocarbon Revenue	1,318.9	1,262.1	1,700.6	2,096.6	1,906.4	1,613.1	2,096.0
Tax Revenue	588.9	612.3	786.7	790.7	910.8	902.8	946.1
Nontax Revenue ⁽¹⁾	730.0	649.8	913.9	1,305.9	995.6	710.3	1,149.9
Grants from Other Countries	9.3	13.5	5.9	5.8	6.4	239.4	208.5
Total Expenditures, Net Lending & Grants	7,976.9	10,767.7	13,580.8	14,017.8	15,012.9	13,425.0	12,842.6
Current	5,061.0	7,303.9	10,115.7	10,479.3	11,194.0	9,926.6	9,609.0
Civil	2,995.8	4,505.2	4,980.5	5,641.2	6,498.7	5,688.9	5,175.0
Wages and Benefits	1,722.7	1,935.4	2,307.6	2,472.1	3,345.0	3,410.2	3,176.9
Goods and Services	826.4	718.7	808.4	956.6	1,070.3	1,069.3	988.9
Subsidies and Transfers	409.3	1,813.0	1,819.2	2,158.9	2,030.4	1,172.1	870.8
Interest Payments	37.4	38.1	45.3	53.6	53.0	37.3	138.4
Defence and Security	1,888.2	2,563.7	4,742.5	4,494.2	4,210.8	3,862.2	4,054.9
PDO Operations	177.0	235.0	392.7	343.9	484.5	375.5	379.1
Investment	2,548.3	2,905.6	2,828.3	3,059.3	3,512.2	3,267.5	2,770.6
Civil	1,647.5	1,871.9	1,650.3	1,744.3	2,093.6	1,822.5	1,244.2
Hydrocarbon	900.8	1,033.7	1,178.0	1,315.0	1,418.6	1,445.0	1,526.4
Gas Exploration and Transport Expenditure Items to be Allocated ⁽²⁾	—	—	—	—	—	—	531.0
Net Lending and Equity	333.6	489.0	598.2	430.0	250.2	200.3	(87.6)
Grants to Other Countries	34.0	69.2	38.6	49.2	56.5	30.6	19.6
Overall Balance	902.3	1,966.0	770.9	986.8	(586.9)	(4,169.7)	(5,219.1)

* Preliminary

⁽¹⁾ Includes income on the SGRF, Petroleum Reserve Fund, and other funds.

⁽²⁾ Remaining gas exploration and transport expenditures which have yet to be allocated to an appropriate category as of the date of this Base Prospectus.
Source: Ministry of Finance

Revenue

Total consolidated government revenues excluding grants decreased by 21.6 per cent. to OMR 7,415.0 million for 2016 from OMR 9,015.9 million in 2015. This decrease was mainly due to a substantial fall in oil revenues due to low oil prices, despite an increase in non-hydrocarbon revenues from 2015 to 2016. The shortfall in non-hydrocarbon revenues as compared to the budgeted revenues of OMR 2,111.6 million primarily resulted from a slowdown in the economy caused by low oil prices and delays in implementing new tax measures. Total oil revenues decreased by 35.4 per cent. to OMR 3,653.8 million for 2016 from OMR 5,657.5 million in 2015. This decrease was due to the decrease in the average monthly Omani blend price to U.S.\$40 per barrel for 2016 from U.S.\$56 per barrel in 2015, which was below the oil price of U.S.\$45 per barrel used to calculate the budget forecast. Gas and LNG related revenues decreased by 4.6 per cent. to OMR 1,665.2 million for 2016 from OMR 1,745.3 million in 2015. Non-hydrocarbon revenues, including revenues generated from taxes, investment income and other revenues increased by 29.9 per cent. to OMR 2,096.0 million for 2016 from OMR 1,613.1 million in 2015, mostly as a result of an increase in tax and investment income resulting from non-tax revenue. Revenues for the non-hydrocarbon sector consisted of 45.1 per cent. from taxes collected and 54.9 per cent. from non-tax revenue.

Grants from Other Countries

A major source of grants from other countries to Oman is the GCC Development Fund, under which Oman is the beneficiary of U.S.\$10 billion in grant commitments with contributions to be made by the non-donee GCC member states, of which U.S.\$1.2 billion has already been allocated. The GCC Development Fund is intended to stimulate economic growth and is expected to be used in furtherance of development goals.

The following table sets forth the actual detailed revenues and grants for the consolidated government finances for each of the seven years ended 31 December 2016.

Consolidated Government Revenue and Grants

	Year ended 31 December 2016						
	2010	2011	2012	2013	2014	2015	2016*
	(OMR millions)						
Oil Revenue-Total⁽¹⁾	6,331.3	9,878.7	10,668.7	10,962.7	10,427.1	5,657.5	3,653.8
Oil Revenues-Budget	5,471.3	7,799.8	9,832.3	10,431.0	10,206.4	7,701.5	3,653.8
Tax revenue from PDO private shareholders	964.4	2,022.0	2,276.4	2,173.2	2,124.7	928.5	482.9
Sales to PDO	34.7	49.7	72.8	64.1	7.7	43.5	22.1
Sales to others	3,431.0	4,333.3	5,989.3	6,885.5	6,883.1	3,979.4	2,680.9
Oil installation port dues	1.2	1.4	1.0	1.5	1.2	1.3	2.6
Condensate sales	1,040.0	1,393.4	1,492.8	1,306.7	1,189.8	704.8	465.3
Oil revenue transferred to SGRF	0.0	0.0	305.8	0.0	0.0	0.0	0.0
Oil revenue transferred to Petroleum Reserve Fund	160.0	212.4	230.6	222.3	220.7	0.0	0.0
Oil revenue transferred to Contingency Fund	580.0	0.0	0.0	0.0	0.0	0.0	0.0
Oil revenue transferred to OIF	40.0	0.0	0.0	0.0	0.0	0.0	0.0
Infrastructure Development Account	80.0	1,166.5	0.0	0.0	0.0	0.0	0.0
Treasury Temporary Surplus Account	0.0	700.0	300.0	309.4	0.0	0.0	0.0
Gas and LNG related revenue	1,219.7	1,579.4	1,976.5	1,939.5	2,086.1	1,745.3	1,665.2
Oman LNG dividends	289.8	406.5	392.8	444.2	398.5	261.3	129.2
Gas feedstock sales to Oman LNG project	675.3	854.0	932.3	969.7	970.6	714.0	717.0
Natural gas sales (domestic)	254.6	318.9	651.4	525.6	717.0	770.0	819.0
Nonhydrocarbon Revenue	1,318.9	1,262.1	1,700.6	2,096.6	1,906.4	1,613.1	2,096.0
Tax Revenue	588.9	612.3	786.7	790.7	910.8	902.8	946.1
Customs duties	179.6	161.2	250.1	217.3	279.2	235.4	302.9
Corporate income tax	272.6	281.9	353.3	394.5	448.0	451.7	388.6
Training tax	121.0	150.5	163.7	154.5	156.0	185.2	208.7

	Year ended 31 December 2016						
	2010	2011	2012	2013	2014	2015	2016*
	(OMR millions)						
Municipal taxes	15.7	18.7	19.6	24.4	27.6	30.5	45.9
Non-Tax Revenue	730.0	649.8	913.9	1,305.9	995.6	710.3	1,149.9
Investment Income	233.7	161.4	430.1	692.7	378.3	85.3	361.7
Domestic assets ⁽²⁾	117.9	105.5	382.4	111.6	71.8	76.0	74.1
Funds ⁽¹⁾	122.6	55.9	47.7	581.1	306.5	9.3	188.3
Public services and utilities ⁽³⁾	60.2	56.9	58.5	63.3	63.4	62.4	87.5
Civil aviation	30.1	31.2	32.2	33.6	23.4	51.2	49.1
Public authorities' surplus	9.1	10.3	7.3	10.2	8.0	6.8	8.9
Other ⁽⁴⁾	396.9	390.0	385.8	506.1	522.5	504.6	642.7
Total Revenue	8,869.9	12,720.2	14,345.8	14,998.8	14,419.6	9,015.9	7,415.0
Grants from Other Countries	9.3	13.5	5.9	5.8	6.4	239.4	208.5
Total Revenue and Grants	8,879.2	12,733.7	14,351.7	15,004.6	14,426.0	9,255.3	7,623.5

* Preliminary

⁽¹⁾ Includes receipts assigned to the SGRF, the Petroleum Reserve Fund, OIF and other funds.

⁽²⁾ Interests and dividends on domestic assets, excluding returns on domestic deposits from SGRF.

⁽³⁾ Mainly consists of water, electricity, post, and port revenue.

⁽⁴⁾ Includes notably sales of government land and property, passport and immigration fees, and licenses. Source: Ministry of Finance

Expenditure

Total expenditures decreased by 2.2 per cent. to OMR 12,910.6 million for 2016 (including OMR 531.0 million in gas exploration and transport expenditures yet to be allocated to an appropriate category as of the date of this Base Prospectus) from OMR 13,194.1 million in 2015, in large part due to a decrease in current expenditures related to the civil sector, including a decrease in subsidies and transfers of OMR 301.3 million relating in part to a reduction in fuel subsidies. Current expenditures decreased by 3.2 per cent. to OMR 9,609.0 million for 2016 from OMR 9,926.6 million in 2015. The major components of current expenditures are defence spending and civil ministries. Defence spending increased by 5.0 per cent. for 2016 at OMR 4,054.9 million as compared with OMR 3,862.2 million in 2015. Other current expenditures related to the civil sector decreased by 9.9 per cent. for 2016 to OMR 5,175.0 million from OMR 5,688.9 million in 2015, while PDO operating expenditures (PDO current operations) increased to OMR 379.1 million from OMR 375.5 million.

The following table sets forth the actual detailed expenditures, grants and net lending for each of the seven years ended 31 December 2016.

Consolidated Government Expenditures, Grants and Net Lending

	Year ended 31 December 2016						
	2010	2011	2012	2013	2014	2015	2016*
	(OMR millions)						
Current Expenditures	5,061.0	7,303.9	10,115.7	10,479.3	11,194.0	9,926.6	9,609.0
Civil.....	2,995.8	4,505.2	4,980.5	5,641.2	6,498.7	5,688.9	5,175.0
Total Wages and Salaries	1,722.7	1,935.4	2,307.6	2,472.1	3,345.0	3,410.2	3,176.9
Wages and salaries	833.2	904.5	1,041.0	1,103.0	1,511.0	1,614.1	1,658.4
Allowances ⁽¹⁾	542.9	702.8	865.1	943.2	1,310.0	1,311.0	1,304.8
Other remuneration ⁽²⁾	233.5	170.0	200.6	213.5	225.7	196.0	191.1
Pension contributions ⁽³⁾	113.1	158.1	200.9	212.4	298.3	289.1	22.6
Goods and Services	826.4	718.7	808.4	956.6	1,070.3	1,069.3	988.9
Supplies of goods	148.2	164.9	179.5	212.4	221.3	200.0	189.4
Furniture and equipment	48.5	53.9	58.2	60.7	72.0	47.7	18.1
Services.....	475.8	342.9	399.5	506.1	578.7	562.2	467.7
Government services ⁽⁴⁾	78.7	76.9	82.3	95.6	103.0	93.0	119.1
Upstream gas project ⁽⁵⁾	75.2	80.1	88.9	81.8	95.3	166.4	194.6
Subsidies and Transfers ⁽⁶⁾	409.3	1,813.0	1,819.2	2,158.9	2,030.4	1,172.1	870.8
Interest Payments.....	37.4	38.1	45.3	53.6	53.0	37.3	138.4
PDO Current Operations⁽⁷⁾	177.0	235.0	392.7	343.9	484.5	375.5	379.1
Defence Expenditures⁽⁸⁾	1,888.2	2,563.7	4,742.5	4,494.2	4,210.8	3,862.2	4,054.9
Capital Expenditures	2,548.3	2,905.6	2,828.3	3,059.3	3,512.2	3,267.5	2,770.6
Civil ministries.....	1,647.5	1,871.9	1,650.3	1,744.3	2,093.6	1,822.5	1,244.2

	Year ended 31 December 2016						
	2010	2011	2012	2013	2014	2015	2016*
	(OMR millions)						
Hydrocarbon.....	900.8	1,033.7	1,178.0	1,315.0	1,418.6	1,445.0	1,526.4
PDO investments ⁽⁷⁾	613.5	624.3	659.9	752.7	748.1	774.3	842.5
Upstream gas project ⁽⁹⁾	287.3	409.4	518.1	562.3	670.5	670.7	683.9
Expenditure Items to be Allocated⁽¹⁰⁾.....	—	—	—	—	—	—	531.0
Total Expenditures.....	7,609.3	10,209.5	12,944.0	13,538.6	14,706.2	13,194.1	12,910.6
Net Lending and Equity.....	333.6	489.0	598.2	430.0	250.2	200.3	(87.6)
Grants to Other Countries.....	34.0	69.2	38.6	49.2	56.5	30.6	19.6
Total Expenditure, Grants & Net Lending.....	7,976.9	10,767.7	13,580.8	14,017.8	15,012.9	13,425.0	12,842.6

* Preliminary

(1) Mostly consists of housing and transport allowances for civil servants.

(2) Mostly consists of bonuses and special employment contracts.

(3) Pension contributions for civil service employees.

(4) Mostly consists of post, telegraph and telecom (PTT), electricity, and water.

(5) Includes operational expenditures, gas transportation charges, cost gas purchase from Occidental, and annual fees for operations.

(6) Includes subsidies and transfers in relation to civil ministries (subsidies for public authorities, grants and subsidies to households and other donations and grants) and subsidies in relation to the private sector and government related entities. Subsidies are for the electricity sector, for petroleum products and for basic food stuff, operational support for government related companies, and for the payment of interests under the development and housing loans program.

(7) The government's share is 60 per cent. of total PDO expenditure for both current and capital expenditures.

(8) Includes some dual (civil and defence) use capital expenditures.

(9) Includes capital expenditures and expenditures on exploration for gas.

(10) Remaining gas exploration and transport government expenditures which have yet to be allocated to an appropriate category as of the date of this Base Prospectus.

Sources: Ministry of Finance

Total consolidated government capital expenditures decreased by 17.9 per cent. to OMR 2,770.6 million for 2016 from OMR 3,267.5 million in 2015. 55.1 per cent. of capital expenditures for 2016 were for the hydrocarbon sector and 44.9 per cent. were for capital expenditures undertaken by civil ministries. Public capital expenditures for the non-hydrocarbon sector amounted to OMR 1,244.2 million in 2016, of which 38.1 per cent. was allocated to the transportation sector (roads, harbours, airports) and 34.8 per cent. was allocated to the social sector (education, health, housing).

The following table sets forth the breakdown of capital expenditures for each of the seven years ended 31 December 2016.

Government Capital Expenditures

	Year ended 31 December 2016						
	2010	2011	2012	2013	2014	2015	2016*
	(OMR millions)						
Hydrocarbon Sector.....	900.8	1,033.7	1,178.0	1,315.0	1,418.6	1,445.0	1,526.4
Government share in PDO ⁽¹⁾	613.5	624.3	659.9	752.7	748.1	774.3	842.5
Upstream gas project.....	287.3	409.4	518.1	562.3	670.5	670.7	683.9
Civil, by sector breakdown⁽²⁾.....	1,647.5	1,871.9	1,650.3	1,744.3	2,093.6	1,822.5	1,244.2
Agriculture, irrigation, water resources, and fisheries.....	57.6	56.7	40	41.8	56.2	59.5	49.0
Manufacturing and mining.....	5.4	3.5	20.9	5.8	1.6	1.7	2.6
Utilities.....	107.1	24.2	95.2	16.8	247.2	88.8	115.3
Electricity and water.....	106.0	24	92.7	13.7	245.1	86.0	111.8
Communications.....	1.1	0.2	2.5	3.1	2.1	2.8	3.5
Transport sector.....	806.1	1,013.3	787.1	939.5	922.2	886.4	473.8
Roads.....	367.9	384.9	373.3	424.3	510.2	610.7	308.7
Harbors.....	299.6	250.5	119.3	64.4	56.2	31.4	11.3
Airports.....	138.6	377.9	294.5	450.8	355.8	244.3	153.8
Social sector.....	193.4	254.8	363.6	425.6	508.1	500.9	432.7
Education.....	75.1	85	134.3	156.3	226.8	243.6	242.1
Health.....	57.4	46.2	43.2	65.1	36.7	42.0	43.6
Housing.....	60.9	123.6	186.1	204.2	244.6	215.3	147.0
Public administration.....	222.8	217.4	213.8	151.9	138	109.6	80.7

	Year ended 31 December 2016						
	2010	2011	2012	2013	2014	2015	2016 [*]
	<i>(OMR millions)</i>						
Other.....	260.5	305.5	150.6	168.7	221.9	177.3	90.1
Total Capital Expenditures	2,548.3	2,905.6	2,828.3	3,059.3	3,512.2	3,267.5	2,770.6

^{*} Preliminary

⁽¹⁾ The Government's share is 60 per cent. of total PDO capital expenditures.

⁽²⁾ Includes human resources development. Source: Ministry of Finance

Deficit Financing

The overall consolidated government deficit (including net grants) was OMR 5,219.1 million in 2016, approximately 17.9 per cent. of GDP, up from OMR 4,169.7 million in 2015. Net grants (grants from other countries minus grants to other countries) amounted to OMR 296.1 million. The 2016 deficit has been financed by a combination of domestic and international borrowings from the domestic and international capital markets, including the proceeds of the U.S.\$4 billion issuances of the 3.625 per cent. notes due 2021 and 4.750 per cent. notes due 2026, from domestic banks, transfers from the SGRF and proceeds from the transfer of the Ministry of Finance's stake in Omantel to OIF. Oman has taken a number of measures to contribute to deficit reduction in 2016 and 2017, including by reducing non-core expenditures in favour of targeted investments (including by reducing fuel and electricity subsidies, freezing government employment and deferring non-essential projects) and reducing expenditure on non-essential transport for government officials, and by increasing non-oil and gas revenues through various measures (including an increase in 2017 in corporate tax rates to 15 per cent. and reductions in tax exemptions, improving the efficiency of tax and customs collection, the expected imposition in 2017 of other select excise taxes (e.g. alcohol), increasing various administrative fees (including on property transactions) and increasing electricity and water tariffs). For more detail, see "*Public Finance-2016 and 2017 State General Budgets- 2017 Budget - 2017 Deficit*" below.

2016 and 2017 State General Budgets

In furtherance of the most recent Five Year Plan, the State General Budget 2016 introduced meaningful fiscal reforms both on the revenue and expenditure sides. The Government of Oman continued its 2015 reduction of non-core expenditures in 2016 in favour of targeted investments, including by reducing fuel and electricity subsidies, freezing government employment, deferring non-essential projects and reducing expenditure on non-essential transport for government officials. The Government of Oman also increased non-oil and gas revenues in 2016 through various measures, including improving the efficiency of tax and customs collection, increasing various administrative fees (including on property transactions) and increasing electricity and water tariffs.

The State General Budget 2017 has continued these fiscal reforms both on the revenue and expenditure sides. The Government of Oman aims to continue its reduction of non-core expenditures in 2017 in favour of targeted investments, including by reducing fuel subsidies, freezing government employment, deferring non-essential projects and reducing expenditure on non-essential transport for government officials. The Government of Oman also aims to increase non-oil and gas revenues in 2017 and 2018 through various measures (not taken into account in the 2017 budget), including the increase of corporate tax rates to 15 per cent. and reducing tax exemptions, improving the efficiency of tax and customs collection, the expected imposition in 2017 of other select excise taxes (e.g. alcohol), increasing various administrative fees (including on property transactions), increasing electricity and water tariffs and the introduction of Value Added Tax ("**VAT**").

The following table compares the consolidated government finances for 2015 and 2016 and the State General Budget for 2016 and 2017.

Government Finances vs. State General Budget

	Actual 2015 ^a	Budget 2016	Actual 2016	Budget 2017
	<i>(OMR millions)</i>			
Revenue and Grants	9,255.3	9,190.6	7,623.5	8,660.3
Revenues	9,015.9	8,561.6	7,415.0	8,410.3
Oil Revenue	5,657.5	4,560.0	3,653.8	4,450.0
Gas and LNG-related Revenue	1,745.3	1,890.0	1,665.2	1,791.7
Nonhydrocarbon Revenue	1,613.1	2,111.6	2,096.0	2,168.6
Tax Revenue	902.8	1,119.2	946.1	1,152.0
Nontax Revenue ⁽¹⁾	710.3	992.4	1,149.9	1,016.6
Grants from Other Countries	239.4	629.0	208.5	250.0
Total Expenditures, Net Lending & Grants	13,425.0	11,867.8	12,842.6	11,658.1
Current	9,926.6	9,068.8	9,609.0	8,978.1
Civil	5,688.9	5,268.8	5,175.0	5,308.1
Wages and Benefits	3,410.2	3,198.2	3,176.9	3,242.6
Goods and Services	1,069.3	1,172.6	988.9	887.0
Subsidies and Transfers	1,172.1	807.9	870.8	913.5
Interest Payments	37.3	90.0	138.4	265.0
Defence and Security	3,862.2	3,500.0	4,054.9	3,340.0
PDO Operations	375.5	300.0	379.1	330.0
Investment	3,267.5	2,650.0	2,770.6	2,510.0
Civil	1,822.5	1,350.0	1,244.2	1,200.0
Hydrocarbon	1,445.0	1,300.0	1,526.4	1,310.0
Gas Exploration and Transport Expenditure Items to be Allocated⁽¹⁰⁾	—	—	531.0	—
Net Lending and Equity	200.3	120.0	(87.6)	120.0
Grants to Other Countries	30.6	29.0	19.6	50.0
Overall Balance	(4,169.7)	(2,668.8)⁽³⁾	(5,219.1)	(2,997.8)

⁽¹⁾ Includes income on the SGRF, Petroleum Reserve Fund and other funds. However, 2017 budgeted figures do not include income on SGRF, Petroleum Reserve Fund and other funds.

⁽²⁾ Remaining government gas exploration and transport expenditures which have yet to be allocated to an appropriate category as of the date of this Base Prospectus.

⁽³⁾ The budgeted deficit published in the 2016 budget was displayed as OMR 3,268.8 million due to net grants of OMR 600.0 million being displayed below the line.

Source: Ministry of Finance

2016 Budget

2016 Revenue

The 2016 budget was approved by Royal Decree No 2/2016, issued on 1 January 2016, and it estimated oil revenues of OMR 3,653.8 million, as compared to OMR 5,657.5 million in 2015. The 2016 Budget did not encompass any transfers to the various funds. The projected decrease in net oil revenues in 2016 as compared with actual net oil revenues in 2015 was based on an estimated decrease in the average monthly projected Oman crude oil price to U.S.\$45 per barrel in 2016. Total gas revenues (including dividends from the Oman LNG project) were projected to reach OMR 1,890 million, as compared to actual gas revenues (including dividends from the Oman LNG project) of OMR 1,745.3 million in 2015. Non-hydrocarbon revenues were estimated to be OMR 2,111.6 million as compared to actual non-hydrocarbon revenues of OMR 1,613.1 million in 2015.

Investment income from the various funds was set at zero in the 2016 Budget. Total 2016 budget revenues (excluding grants from other countries) were projected to amount to OMR 8,561.6 million as compared to actual total revenues of OMR 9,015.9 million in 2015.

Actual revenues for 2016 were OMR 7,415.0 billion, 17.8 per cent. lower than in 2015 and 86.6 per cent. of the budgeted revenues. The anticipated decrease in oil revenues significantly exceeded expectations, as Oman's crude oil export price averaged U.S.\$40 per barrel during the period, below the \$54 average in 2015 and the \$45 estimate used in the 2016 budget. As a result, oil and gas revenues were approximately

OMR 5,319.0 billion for 2016, 28.1 per cent. lower than 2015 and 82.5 per cent. of the budgeted amount. Actual non-hydrocarbon revenues for 2016 increased by 29.9 per cent., mainly because of a 4.8 per cent. increase in tax revenues and a 61.9 per cent. increase in other nontax revenues, which accounted for 58.9 per cent. of non-hydrocarbon revenues in 2016. Actual non-hydrocarbon revenues in 2016 were OMR 2,096.0 million as compared to budgeted revenues of OMR 2,111.6 million. The shortfall in non-hydrocarbon revenues primarily resulted from a slowdown in the economy caused by low oil prices and delays in implementing new tax measures. Actual grants from other countries in 2016 was OMR 208.5 million as compared to budgeted grants of OMR 629.0 million, primarily as a result of reductions in fuel subsidies.

2016 Expenditure

The 2016 budget estimated that total budget expenditure (excluding grants and net lending) would be OMR 11,776.8 million against actual total budget expenditures of OMR 13,425.0 million in 2015. Civil current expenditures (comprised of wages and benefits, goods and services, subsidies and transfers as well as interest payments) were projected to amount to OMR 5,268.8 million, compared to equivalent actual expenditures of 5,688.9 million in 2015. In particular, goods and services were projected at OMR 1,172.6 million against an actual figure of OMR 1,069.3 million in 2015. Goods and services include operational expenditures, gas transportation charges, cost gas purchase from Occidental, and annual fees for gas operations, which would amount to approximately OMR 190 million in 2016. Defence and security expenditures were estimated at OMR 3,500.0 million against actual defence and security expenditures of OMR 3,862.2 million in 2015. PDO current operations was estimated at OMR 300.0 million against an actual figure of OMR 375.5 million in 2015. Hydrocarbon capital expenditures were projected to reach OMR 1,300.0 million including the government's share in PDO capital expenditures, and upstream gas development capital expenditures, compared to equivalent actual expenditures of 1,445.0 million in 2015. Capital expenditures for civil ministries and development expenditures for government related entities were projected to amount to OMR 1,350 million, compared to equivalent actual expenditures of 1,822.5 million in 2015.

Actual total expenditures for 2016 were OMR 12,910.6 billion (including OMR 531.0 million in gas exploration and transport expenditures yet to be allocated to an appropriate category as of the date of this Base Prospectus), 3.8 per cent. lower than the corresponding amount for 2015 and representing 109.6 per cent. of budgeted expenditure for 2016. This decrease in actual expenditures is in part explained by a 25.7 per cent. reduction in subsidies and other transfer payments, while the increase versus budgeted expenditures is primarily the result of costs for committed, ongoing projects (such as the Muscat and Salalah airport upgrades and the Duqm special economic zone). Current spending decreased by 3.2 per cent. for 2016 as compared 2015. Expenditures on defense and security increased by 5.0 per cent. as compared with 2015 and represented 115.8 per cent. of the budgeted amount. Oman decreased investment spending by 15.2 per cent. during 2016. This investment spending primarily went toward civil ministries.

2016 Deficit

The 2016 budget forecasted, on the basis of a price of oil of approximately U.S.\$45 per barrel, a deficit excluding net grants of OMR 3,268.8 million, to be funded by a combination of net foreign grants (OMR 600 million), net domestic and international borrowing on capital markets and bank loans (at least OMR 1,200 million) as well as net withdrawals from SGRF (up to OMR 1,500 million). This compares to an actual consolidated government deficit (including net grants) of OMR 4,169.7 million in 2015. As a result of measures taken to reduce expenditures and increase non-oil and gas revenues, the Government of Oman estimated that its break-even price of oil would be approximately U.S.\$75 per barrel in 2016, down from U.S.\$114 per barrel in previous years.

The deficit (including net grants) as of 31 December 2016 stands at OMR 5,219.1 million, a 25.2 per cent. increase over 2015 and 195.6 per cent. of the government's budget forecast, primarily as a result of lower than anticipated revenues due to the continued effects of low, and in fact lower than had been anticipated, oil prices, delays in the implementation of new tax measures, higher than anticipated expenditures for costs of committed, ongoing projects and lower than anticipated net grants due to reductions in fuel subsidies. The 2016 deficit has been financed by a combination of domestic and international borrowings from the domestic and international capital markets, including the proceeds of the U.S.\$4 billion issuances of the 3.625 per cent. notes due 2021 and 4.750 per cent. notes due 2026, from domestic banks, transfers from the SGRF and proceeds from the transfer of the Ministry of Finance's stake in Omantel to OIF.

2017 Budget

2017 Revenue

The 2017 budget was approved by Royal Decree No 1, issued on 1 January 2017, and it estimates oil revenues of OMR 4,450.0 million, as compared to actual revenues of OMR 3,653.8 million in 2016. The 2017 Budget does not encompass any transfers to the various funds. The projected increase in oil revenues in 2017 as compared with actual oil revenues in 2016 is based on an estimated increase in the average monthly projected Oman crude oil price to U.S.\$45 per barrel in 2017. Total gas revenues (including dividends from the Oman LNG project) are projected to reach OMR 1,791.7 million, as compared to actual gas revenues (including dividends from the Oman LNG project) of OMR 1,665.2 million in 2016. Non-hydrocarbon revenues are estimated to be OMR 2,168.6 million as compared to actual non-hydrocarbon revenues of OMR 2,096.0 million in 2016.

Investment income from the various funds is set at zero in the 2017 Budget. Total 2017 budget revenues (excluding grants from other countries) are projected to amount to OMR 8,410.3 million as compared to actual total revenues of OMR 7,415.0 million in 2016.

2017 Expenditure

The 2017 budget estimates that total budget expenditure (excluding grants and net lending) will be OMR 11,510.0 million against actual total expenditures of OMR 12,910.6 million in 2016 (including OMR 531.0 million in gas exploration and transport expenditures yet to be allocated to an appropriate category as of the date of this Base Prospectus). Civil current expenditures (comprised of wages and benefits, goods and services, subsidies and transfers as well as interest payments) are projected to amount to OMR 5,308.1 million, compared to equivalent actual expenditures of OMR 5,175.0 million in 2016. In particular, goods and services are projected at OMR 887.0 million against an actual figure of OMR 988.9 million in 2016. Goods and services include operational expenditures, gas transportation charges, cost gas purchase from Occidental, and annual fees for gas operations, which are budgeted to amount to approximately OMR 180 million in 2017. In addition, although there is a hiring freeze in the Government, expenditures for wages and benefits is expected increase to OMR 3,242.6 million against an actual figure of OMR 3,176.9 million in 2016, as a result of adjustments for inflation, increased wages tied to promotions and payment of end of service benefits. Defence and security expenditures are estimated at OMR 3,340.0 million against actual defence and security expenditures of OMR 4,054.9 million in 2016. PDO current operations is estimated at OMR 330.0 million against an actual figure of OMR 379.1 million in 2016. Hydrocarbon capital expenditures are projected to reach OMR 1,310.0 million including the government's share in PDO capital expenditures, and upstream gas development capital expenditures, compared to equivalent actual expenditures of 1,526.4 million in 2016. Capital expenditures for civil ministries and development expenditures for government related entities are projected to amount to OMR 1,200.0 million, compared to equivalent actual expenditures of 1,244.2 million in 2016.

2017 Deficit

The 2017 budget forecasts, on the basis of a price of oil of approximately U.S.\$45 per barrel, a deficit excluding net grants of OMR 2,997.8 million, to be funded by a combination of net foreign grants (OMR 200.0 million), net domestic and international borrowing on capital markets and bank loans (approximately OMR 400 million and OMR 2,100 million from domestic and international sources, respectively) as well as net withdrawals from SGRF (up to OMR 500 million). This compares to an actual consolidated government deficit (including net grants) of OMR 5,219.1 million in 2016. As a result of measures taken to reduce expenditures and increase non-oil and gas revenues, the Government of Oman expects that its break-even price of oil will be approximately U.S.\$74 per barrel in 2017, down from U.S.\$75 per barrel in 2016 and U.S.\$114 per barrel in previous years. In 2017, if oil prices remain higher than the budgeted oil price of U.S.\$45 per barrel, Oman aims to use any such additional petroleum revenues to reduce the deficit and to add to its foreign reserves. Conversely, should oil prices fall to lower than anticipated levels, or if any other factors result in a greater than expected deficit, the Government aims to finance such an unexpected deficit through a combination of further domestic and international borrowings from the domestic and international capital markets. The 2017 deficit is expected to be financed by, among other measures, a combination of domestic and international borrowings from the domestic and international capital markets, including the proceeds of the U.S.\$5 billion issuance of the 3.875 per cent. notes due 2022, the 5.375 per cent. notes due 2027 and the 6.500 per cent. notes due 2047.

Taxation

Corporate Income Tax

Tax in Oman is governed by the Oman Income Tax Law, the Law of Profit Tax on Commercial and Industrial Establishments and various other Royal Decrees and Ministerial decisions. What is termed income tax in Oman in fact applies only to businesses and is therefore a form of corporation tax.

Tax is charged on profits and income from all sources which has been realized or has arisen in Oman. It is charged on business establishments owned by individuals, companies incorporated in Oman and permanent establishments (branches) of foreign enterprises. Prior to 2017, income below OMR 30,000 was not taxed and income above OMR 30,000 was taxed at 12 per cent. Royal Decree 09/2017 (issued on 19 February 2017, but which came into force on the day after publication in the Official Gazette, which such publication occurred on 26 February 2017) seeks to amend the Oman Income Tax Law (promulgated by Royal Decree 28/2009) (the "Tax Amendments") as a result of which income shall be taxed at 15 per cent. from 2017, and the threshold below which income is not taxed shall be eliminated.

There is no personal income taxation at present. Any dividend paid out of profits subjected to tax in Oman is exempt in the hands of the recipient.

The income from sale of petroleum is taxed at a flat rate of 55 per cent. In addition, oil exploration and production companies are generally taxed under special rules set out in the relevant concession agreements.

The tax year corresponds to the calendar year. Every taxable entity is required to file a final return of income for every tax year together with the audited financial statements which should be prepared in accordance with the International Financial Reporting Standards.

Oman has entered into a comprehensive double taxation treaty with the United Kingdom, France and Spain, among others.

Withholding tax

Pursuant to Article 52 of the Oman Income Tax Law (as amended by the Tax Amendments, see "*Public Finance—Taxation—Corporate Income Tax*"), withholding tax is payable on the following categories of income earned in Oman:

- (a) Royalties;
- (b) Remuneration for conducting research and development;
- (c) Remuneration for using or the right to use computer programs;
- (d) Fees for management or performance of services; and
- (e) Payment of dividends on shares, or interest.

Withholding tax shall be levied on the gross amount of the aforementioned categories of income paid or credited to the account of any non-resident person in the cases specified in Article 40 of the Oman Income Tax Law. The Tax Amendments also extend the requirement to deduct withholding tax payable pursuant to Article 52 to any Ministry, authority, public institution or other public juristic person or unit of the administrative apparatus of Oman. The applicable tax rate is 10 per cent. of the gross amount paid or credited to the account of the persons specified above.

There is no definition of "interest or "fees for management or performance of services" included in the Oman Income Tax Law. However, according to informal guidance issued on the FAQ section of the website of the Secretariat General for Taxation, whilst no withholding will be applicable for services rendered outside of Oman, payments made to foreign persons relating to services or any part thereof rendered in Oman will be subject to withholding tax deductions.

Custom duties

Oman is part of the GCC Customs Union, which was established in 2003 to remove customs and trade barriers among the GCC member states. The implementation of the GCC Customs Union is still in progress. The GCC member states apply a Common Customs Law and a Unified Customs Tariff with a standard customs duty rate of 5 per cent. of goods' cost, insurance and freight value, with a few exceptions, such as tobacco and alcoholic goods being subject to a customs duty rate of 100 per cent. The GCC Customs Law does not levy export customs duties.

Training tax

Ministerial Decision 84/98 specifies the vocational training levy on employers in the private sector at OMR 100 annually per expatriate employee. The decision is effective from 8 March 1998.

Municipal tax

Muscat and Salalah municipalities impose local taxes on selected activities such as hotel income, property rents and leisure income.

VAT

The GCC member states are in the process of developing a broad framework for the introduction of VAT. The framework agreement will set out the underlying principles of VAT laws for the six GCC countries, with the likelihood that there will be areas where member states will have some flexibility to determine their own requirements. Whilst there is no VAT applicable in Oman at the date of this Base Prospectus, the Secretariat General of Taxation has stated that VAT is expected to be implemented in Oman in 2018.

Excise tax

Oman is in the process of imposing select excise taxes on certain products, including alcohol, whose implementation is expected to occur in 2017.

Local Government

The Government of Oman contributes to the provision of municipal services. Municipalities are otherwise required to obtain such additional revenues required to provide municipal services from duties and fees levied within their area and municipalities are prohibited from incurring deficits. Contributions from the Government of Oman to Municipalities are included within the expenditures of several civil ministries.

Social Security

Omanis and non-Omanis between the ages of 15 and 59 who are permanently employed in the private sector are required to make contributions equal to 6.5 per cent. of their salary to the Omani social security fund for benefits and old age pensions. These contributions are matched by employers at a rate of 9.5 per cent. of their salary. The employer also contributes an equal amount to a further 1 per cent. of the employee's salary to industrial illness and injury benefits schemes.

Each of the Civil Service, the Royal Oman Police and the Sultan's Armed Forces has pension funds established by the Government of Oman. Officials from the Ministry of Social Affairs and Labour sit on the Board of Directors of each of the Civil Service and private sector pension funds. The Government of Oman acts as a lender of last resort to the private sector pension fund.

INDEBTEDNESS

General

The Ministry of Finance is the only institution entitled to borrow on behalf of the Government of Oman. Municipalities are not permitted to borrow. The Government of Oman intends to establish a debt management office in the coming years in order to manage its rising debt levels.

The following table sets forth the debt of the Government of Oman as at 31 March 2017 and as at 31 December for each of the seven years from 2010 to 2016.

Debt of the Government of Oman

	As at 31 December							As at 31 March
	2010	2011	2012	2013	2014	2015	2016	2017
<i>(OMR millions, except per cent.)</i>								
Government domestic debt								
(OMR million)	330.0	480.0	630.0	830.0	930.0	2,540.1	2,436.0	2,760.0
Per cent. of Annual GDP	1.5%	1.8%	2.1%	2.8%	3.0%	9.4%	10.5%	—
Government external debt								
(OMR million)	806.2	767.3	730.5	656.1	595.7	901.3	5,161.7	6,907.1
Per cent. of Annual GDP	3.6%	2.9%	2.5%	2.2%	1.9%	3.3%	22.2%	—
Total government debt	1,136.2	1,247.3	1,360.5	1,486.1	1,525.7	3,441.4	7,597.7	9,667.1
Per cent. of Annual GDP	5.0%	4.8%	4.6%	4.9%	4.9%	12.7%	29.8%	—
Annual GDP	22,547.6	26,122.0	29,353.3	30,061.3	31,450.8	27,013.1	25,489.8	—

Government Domestic Debt

The primary sources of domestic government debt are GBDs, Treasury Bills and Sukuk. All these instruments are issued in Omani Rial.

Development Bonds were first issued by the Ministry of Finance on behalf of the Government of Oman in August 1991 with the objective of developing the domestic capital market. Development Bonds are denominated in Omani Rial but are freely convertible into foreign currencies and may be sold to overseas investors. Development Bonds initially sold to overseas investors are treated as external debt of the Government of Oman. As at 31 March 2017, the total amount of Development Bonds outstanding was OMR 2,760.0 million.

In 2015, the Government issued a Sukuk of OMR 250 million at a rate of 3.5 per cent. profit rate per annum and in July 2016, the Government issued a Sukuk of OMR 192 million at a rate of 3.5 per cent. profit rate per annum.

Treasury bills are Omani Rial denominated debt instruments used to finance day-to-day recurrent expenditures. Treasury bills are used by commercial banks to securely invest their surplus funds, with the added advantages of ready liquidity through discounting and repurchase facilities offered by the Central Bank of Oman. In general, treasury bills are issued for a maturity period not exceeding one year and at present are issued with maturity period of 91-days, 182-days and 364- days. The amount of treasury bills outstanding was OMR 485 million as at 31 March 2017 as compared with 465 million as at 31 December 2015.

The following table sets forth the Government of Oman's domestic debt profile as at 31 March 2017 and as at 31 December for each of the seven years from 2010 to 2016.

Oman Government Domestic Debt

End of Period	As at 31 December							As at 31 March
	2010	2011	2012	2013	2014	2015	2016	2017
	<i>(OMR millions)</i>							
Total government domestic debt.....	330.0	480.0	630.0	830.0	930.0	2,540.1	2,436.0	2,760.0
GDBs ⁽¹⁾	330.0	480.0	630.0	830.0	930.0	1,325.1	1,630.0	1,775.0
Sukuk ⁽¹⁾	—	—	—	—	—	250.0	250.0	250.0
Loans from local banks ⁽²⁾	—	—	—	—	—	500.0	250.0	250.0
Treasury Bills ⁽³⁾	—	—	—	—	—	465.0	306.0	485.0

Note: all instruments issued in local currency

⁽¹⁾ GDBs and Sukuk may be held by non-residents. Full amount of GDB issued is included here.

⁽²⁾ Corresponds to a loan from Bank Muscat contracted in 2015 and due in 2017

⁽³⁾ Treasury bills are held only by commercial banks

Sources: Central Bank of Oman and Ministry of Finance

Government External Debt

Oman's total external debt as at 31 March 2017 was approximately OMR 6.91 billion as compared to OMR 901.3 million as at 31 December 2015, mostly denominated in U.S. Dollars. The increase from 2015 is primarily the result of an increase in commercial loans and bonds of OMR 5.19 billion, including the U.S.\$5 billion issuance in March 2017 of 3.875 per cent. notes due 2022, 5.375 per cent. notes due 2027 and 6.500 per cent. notes due 2047, U.S.\$4 billion from issuances in June and October 2016 of 3.625 per cent. notes due 2021 and 4.750 per cent. notes due 2026 and the U.S.\$4 billion pre-export financing secured by PDO. Most of Oman's external debt is medium-term debt (more than one year to maturity and less than seven years to maturity). Oman's external debt is composed of commercial loans, export credits, loans from development institutions, Sukuk and short term loans.

As at 31 March 2017, commercial loans accounted for approximately 83 per cent. of the government external debt while loans from development institutions, Sukuk and short term loans represented approximately 8 per cent. of the government external debt. Oman's remaining government external debt was composed of export credits. As at 31 March 2017, a substantial portion of Oman's external debt portfolio was fixed rate debt. The Ministry of Finance has previously used a limited number of interest and exchange rate derivative products in accordance with its policy of conservative risk management. However, with the majority of Oman's external debt portfolio denominated in U.S. Dollars at fixed interest rates, Oman's exposure to interest rate and foreign exchange risk is low.

The following table sets forth Oman's external debt as at 31 March 2017 and as at 31 December for each of the seven years from 2010 to 2016.

Oman Government External Debt

End of Period	As at 31 December							As at 31 March
	2010	2011	2012	2013	2014	2015	2016	2017
	<i>(OMR millions)</i>							
Total government external debt.....	806.2	767.3	730.5	656.1	595.7	901.3	5,161.7	6,907.1
Export credits.....	241.5	234.1	222.8	185.1	148.9	102.9	675.1	706.6
Loans from development								
Institutions.....	439.1	407.6	382.1	345.4	321.2	289.1	325.6	309.9
Commercial loans and bonds.....	125.6	125.6	125.6	125.6	125.6	509.3	3,584.6	5,698.5
Sukuk	0.0	0.0	0.0	0.0	0.0	0.0	192.1	192.1
Short term loans.....	0.0	0.0	0.0	0.0	0.0	0.0	384.3	0.0

Sources: Central Bank of Oman and Ministry of Finance

In the first quarter of 2016, the Government of Oman secured a U.S.\$1.0 billion loan the proceeds of which were used to finance the 2015 deficit. As such, the loan is included in the debt stock at end 2015. The loan was raised through syndication among eleven banking institutions at a 120 basis points margin over the London Interbank Offered Rate (LIBOR). The eleven banks participating in the loan were Citigroup, Gulf International Bank, Natixis, National Bank of Abu Dhabi, Societe Generale, Sumitomo Mitsui Financial Group, Bank of Tokyo-Mitsubishi UFJ, JP Morgan, Credit Agricole, Standard Chartered and Europe Arab Bank. In addition, in the second quarter of 2016 the Government of Oman represented by the Ministry of Finance entered into a bilateral short-term loan in the amount of U.S.\$1 billion with Industrial and Commercial Bank of China Ltd to be repaid in May 2017.

The following table sets forth the repayment profile of Oman's external public debt for the next six years as at 31 March 2017.

Medium Term External Public Debt Repayment Profile

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	<i>(OMR millions)</i>					
Export credits.....	84.9	80.7	80.6	80.6	80.7	80.6
Development Institutions.....	45.1	42.5	45.7	45.7	16.4	16.4
Commercial Loans.....	—	—	—	—	384.0	—
PDO PXF	—	256.8	513.7	513.7	256.8	—
Sukuk	—	—	—	64.0	64.0	64.0
Euro Bond.....	—	—	—	—	577.9	384.0
Total	<u>130.0</u>	<u>380.0</u>	<u>640.0</u>	<u>740.0</u>	<u>1,379.8</u>	<u>545.0</u>

The following table sets forth the Government of Oman's GDB, international bond and Sukuk maturity profile as at 31 March 2017.

Issue-Wise Maturity Schedule of Outstanding Bonds and Sukuk Issues

							Years of Maturity of Outstanding GDBs/Sukuk												Total Outstanding Long Term Government Securities (OMR millions)
Issue Number	Issue Date	Maturity Date	Tenor	Amount Issued ⁽¹⁾	Coupon/ Profit Rate Per Annum	Semi-Annual Coupon/Profit Date	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2047	
GOVERNMENT DEVELOPMENT BONDS																			
39	20.12.2011	20.12.2016	5 years 10	150	3.25%	20-Jun & 20-Dec													
40	19.06.2012	19.06.2022	years	100	5.50%	19-Dec & 19-Jun						100							
41	05.12.2012	05.12.2017	5 years	100	3.25%	05-Jun & 05 Dec	100												
42	13.05.2013	13.05.2020	7 years	80	4.25%	13-Nov & 13-May				80									
43	05.09.2013	05.09.2017	4 years	100	2.75%	05-Mar & 05-Sep	100												
44	25.11.2013	25.11.2018	5 years	100	3.00%	25-May & 25-Nov		100											
45	15.12.2014	15.12.2019	5 years 10	200	3.00%	15-Jun & 15 Dec			200										
46	23.02.2015	23.02.2025	years	200	4.50%	23-Aug & 23-Feb									200				
47	09.08.2015	09.08.2020	5 years	300	3.00%	09-Feb & 09-Aug				300									
48	22.02.2016	22.02.2021	5 years	100	3.50%	22-Aug & 22-Feb					100								
49	25.04.2016	25.04.2023	7 years	100	5.00%	25-Oct & 25-Apr							100						
50	3.10.2016	3.10.2022	6 years 10	100	5.00%	3-Apr & 3-Oct						100							
51	27.12.2016	27.12.2026	years	150	5.50%	27-Jun & 27-Dec											150		
52	20.02.2017	20.02.2024	7 years	150	5.00%	20 Aug & 20-Feb								150					
Total Outstanding Government Bonds							200	100	200	380	100	200	100	150	200	150			1,780
INTERNATIONAL BONDS																			
1	15.06.2016	15.06.2021	5 years 10	1,000	3.625	15-Jun & 15 Dec					1,000								384.3 ⁽²⁾
2	15.06.2016	15.06.2026	years	1,500	4.750	15-Jun & 15 Dec										1,500			576.5 ⁽²⁾
3	04.10.2016	15.06.2021	5 years 10	500	3.625	15-Jun & 15 Dec					500								192.2 ⁽²⁾
4	04.10.2016	15.06.2026	years	1,000	4.750	15-Jun & 15 Dec										1,000			384.3 ⁽²⁾
5	08.03.2017	08.03.2022	5 years 10	1,000	3.875	08-Mar & 08 Sep						1,000							384.3 ⁽²⁾
6	08.03.2017	08.03.2027	years 30	2,000	5.375	08-Mar & 08 Sep											2,000		768.7 ⁽²⁾
7	08.03.2017	08.03.2047	years	2,000	6.500	08-Mar & 08 Sep												2,000	768.7 ⁽²⁾
Total Outstanding International Bonds											1,500	1,000				2,500	2,000	2,000	3,459.1 ⁽²⁾
SUKUK																			
1	05.11.2015	05.11.2020	5 years	250	3.50%	05-May & 05-Nov				250									
2	14.07.2016	14.07.2022	6 years	192	3.50%	14-Jul & 14-Jan				64.0	64.1	64.1							
Total Outstanding Sukuk										314	64.1	64.1							442.2
Total Yearly Maturity Amount of Long Term Government Securities							200	100	200	694	1,664.1	264.1	100	150	200	2,650	4,000	4,000	5,681.3

⁽¹⁾ Issued amounts for GDBs and Sukuk are in OMR millions. Issued amounts for international bonds are in USD millions.

⁽²⁾ Equivalent amounts in OMR millions.

The following table sets forth the holdings of outstanding development bonds and local sukuk by domestic banks as of 31 March 2017.

Holding of Government Development Bonds and Sukuk (OMR)

As of 31 March 2017

Banks Classification	Banks Position as at 31/12/2015*	Audited Net Worth of 45 per cent. of Net Worth**	Banks' Holdings in Sukuk as at 31/3/2017	Banks' Holdings in GDBs as at 31/3/2017	Outstanding Holdings of GDB/Sukuk as at 31/3/2017	Balance Available Unutilized***
Commercial Banks (Bonds/Sukuk).....	3,980,767,000	1,791,345,150	161,631,400	914,825,900	1,076,457,300	714,887,850
Specialized Banks (Bonds).....	369,654,000	166,344,300	—	17,000,000	17,000,000	149,344,300
Islamic Banks (Sukuk).....	209,836,000	94,426,200	8,536,300	—	8,536,300	85,889,900
Grand Total.....	4,560,257,000	2,052,115,650	170,167,700	931,825,900	1,101,993,600	950,122,050

* Aggregate net worth of all Commercial, Specialized and Islamic Banks.

** Banks' exposure to Government securities is increased from 30 per cent. to 45 per cent. of banks' networth.

*** The Central Bank imposes a maximum limit for banks to subscribe to GDB and local sukuk. The limit is currently set at 45 per cent. of their net worth. The figures in this column indicates the remaining capacity for Omani licensed banks to subscribe to additional GDB and Sukuk as per current regulations.

The following table sets forth Government of Oman T-bills outstanding as of 31 March 2017.

T-bills (As of 31 March 2017)

(OMR millions)

Total T-bills	485
28 days	265
91 days	106
364 days	114

Indebtedness of Principal State-Owned Enterprises

The following table sets forth the outstanding external indebtedness of state-owned enterprises for each of the five years ended 31 December 2016.

		As at 31 December				
	Government Equity (per cent.)					
Entity		2012	2013	2014	2015	2016*
(U.S.\$ millions)						
Oman Gas Co.....	80	118.0	70.0	70.0	70.0	—
Oman LNG	51	593.8	593.8	353.0	313.6	228.9
Oman Air	99.89	578.4	519.3	458.1	390.9	407.8
Oman Shipping Co.	80	3,031.0	3,113.1	3,476.9	2,726.7	2,218.1
Oman Refineries & Petro Chemical Co.....	99	1,912.3	1,469.1	3,664.2	3,276.6	2,984.0
Qalhat LNG	46.84	340.0	340.0	264.8	246.3	214.0
Oman Oil Company.....						
S.A.O.C.....	100	627.0	2,416.0	2,390.0	2,572.0	3,269.3
Electricity Holding						
Company S.A.O.C.	100	1,175.6	1,271.8	1,594.3	2,312.1	2,481.0
Oman Telecommunications Company	51	102.5	94.4	92.4	98.1	77.4
Total	—	8,478.6	9,887.5	12,363.7	12,006.3	11,880.5

Note: including debt of subsidiaries

(1) Since 31 December 2015, Oman Gas Co. has become a subsidiary of, and its borrowing have been consolidated with, Oman Oil Company S.A.O.C.

* Figures are provisional subject to audit.

In addition, in July 2016, a pre-export oil financing was secured by PDO in the amount of U.S.\$4 billion.

In December 2016, Oman transferred its 51 per cent. stake in Omantel, the country's incumbent telecoms operator, from the Ministry of Finance to OIF. The announcement was made in a disclosure to the Muscat Securities Market. The proceeds of OMR 287 million were used to purchase foreign reserves designated for deficit financing. Furthermore, a U.S.\$600 million facility maturing in April 2022 was secured in May 2017, the proceeds of which are to be used to finance OIF's acquisition of Omantel.

BALANCE OF PAYMENTS

General

Foreign trade plays an important role in the Omani economy with imports (including customs, insurance and freight payments) and exports of goods amounting to approximately 35 per cent. and 40 per cent., respectively, of nominal GDP in the year ended 31 December 2016 (on an annualised basis) and 41 per cent. and 51 per cent., respectively, of nominal GDP in the year ended 31 December 2015.

Foreign Trade

Exports and Imports

Oman's exports consist principally of crude oil. The total value of merchandise exports (including re-exports) decreased by 24.2 per cent. to OMR 9,416.9 million in the eleven months ended 30 November 2016 from OMR 12,429.8 million in the same period for 2015. In the eleven months ended 30 November 2016, the value of crude oil exports from Oman decreased by 28.5 per cent. to OMR 4,454.7 million from OMR 6,230.1 million in the same period for 2015. In the eleven months ended 30 November 2016, the value of gas exports from Oman decreased by 28.0 per cent. to OMR 640.6 million from OMR 890.1 million in the same period for 2015. The value of non-oil and gas exports (excluding re-exports) contracted by 19.6 per cent. in the eleven months ended 30 November 2016 as compared to the same period for 2015 due to low oil prices.

The majority of oil exports go to Asia, with China having a principal share of 72.6 percent of the total oil exports in the two months ended 28 February 2017. For a discussion of the principal countries purchasing oil from Oman, see "*Economy of Oman- Oil and Gas Sector – Oil Exports*".

The total value of recorded imports decrease by 19.3 per cent. to reach OMR 8,189.6 million for the eleven months ended 30 November 2016 as compared to OMR 10,154.0 million for the same period for 2015. Unrecorded imports are goods which are not declared for customs purposes, primarily defence equipment.

The following table presents the composition of Oman's exports and imports by product classification for each of the five years ended 31 December 2015 and the eleven months ended 30 November 2016 and 2015.

Composition of Exports and Imports

	31 December					30 November	
	2011	2012	2013	2014	2015	2015	2016*
(OMR millions)							
(A) Merchandise Exports							
1- Oil and Gas	12,826.0	13,966.8	14,348.6	13,526.5	8,145.9	7,274.6	5,257.2
Crude Oil	10,659.6	11,795.0	12,337.5	11,591.3	6,682.4	6,230.1	4,454.7
Refined Oil	697.1	557.1	340.9	309.5	183.7	154.5	161.9
Liquefied Natural Gas ...	1,469.3	1,614.7	1,670.3	1,625.7	1,279.8	890.1	640.6
2- Non-Oil	3,033.2	3,594.1	3,806.9	4,125.5	3,003.9	2,788.4	2,243.2
Mineral Products	422.1	1,001.8	1,277.8	1,256.4	572.8	549.9	472.6
Products of the Chemical	1,181.4	1,076.3	800.5	945.9	700.2	645.9	554.2
Plastic and Rubber							
Products	300.8	252.4	288.8	356.3	277.7	257.1	128.2
Base Metals and Articles	542.0	671.2	724.6	765.8	650.5	593.2	460.5
Others	586.8	592.4	715.2	801.1	802.7	407.8	349.6
3 – Re-Exports	2,247.6	2,486.3	3,541.4	2,944.1	2,571.5	2,366.7	1,916.6
Mineral Products	520.3	567.6	1,293.5	516.1	565.4	501.2	651.4
Transport Equipment	1,395.6	1,575.2	1,731.6	1,886.5	1,615.5	1,509.4	900.4
Others	331.6	343.5	516.4	541.5	390.7	356.1	364.8
Total merchandise exports.	18,106.8	20,047.1	21,696.9	20,596.1	13,721.3	12,429.8	9,416.9
(B) Recorded Merchandise Imports							
Live Animals and Its							
Products	337.4	380.7	429.3	472.7	450.1	414.4	403.0

	31 December					30 November	
	2011	2012	2013	2014	2015	2015	2016*
(OMR millions)							
Prepared Food Stuff's,							
Beverages.....	316.9	352.7	377.1	420.9	444.7	406.7	413.6
Mineral Products	1,317.3	1,462.7	3,627.6	1,297.9	1,682.7	1,455.1	1,061.9
Chemical Products	667.4	857.9	1,007.3	993.2	955.3	887.4	610.1
Base Metals and Articles ..	1,096.0	1,402.6	1,376.9	1,320.7	1,256.6	1,163.4	1,067.1
Electrical Machinery and							
Mechanical Equipment							
and Parts	1,941.9	1,988.0	2,054.2	1,942.5	2,240.7	2,051.0	1,682.3
Transport Equipment	1,882.9	2,564.4	2,375.9	2,568.4	1,778.0	1,650.2	1,019.5
Others	1,505.5	2,154.9	2,329.9	2,251.4	2,345.2	1,734.8	1,597.3
Total recorded							
merchandise imports.....	9,081.8	10,811.3	13,201.0	11,267.7	11,153.3	10,154.0	8,189.6
(C) Merchandise Imports by							
Customs Outlets							
1 – Sea							
Value	5,943.4	7,332.5	9,415.4	6982.5	6,624.0	6,007.5	4,481.0
Per cent. of Total							
Imports	(65.4)	(67.8)	(71.3)	62.0	59.4	59.2	54.7
Quantity (1,000 ton)	10,150.7	10,741.1	19,582.7	14157.7	24,994.0	16,596.6	19,695.7
Per cent. of Total							
Imports	(64.9)	(60.1)	(65.8)	61.1	70.3	63.0	53.3
2 – Land							
Value	2,229.9	2,473.5	2,655.7	3386.5	3,318.4	3,059.7	2,628.3
Per cent. of Total							
Imports	(24.6)	(22.9)	(20.1)	30.1	29.8	30.1	32.1
Quantity (1,000 ton)	5,436.9	7,039.7	10,079.9	8968.4	10,521.2	9,680.8	17,172.8
Per cent. of Total							
Imports	(34.7)	(39.4)	(33.9)	38.7	29.6	36.8	46.5
3 – Air							
Value	908.4	1,005.2	1,129.9	898.7	1,210.9	1,086.8	1,080.3
Per cent. of Total							
Imports	(10.0)	(9.3)	(8.6)	8.0	10.9	10.7	13.2
Quantity (1,000 ton)	64.2	84.7	84.0	49.3	55.2	50.2	54.6
Per cent. of Total							
Imports	(0.4)	(0.5)	(0.3)	0.2	0.2	0.2	0.1
Total recorded							
merchandise imports.....	9,081.8	10,811.3	13,201.0	11,267.7	11,153.3	10,154.0	8,189.6
Quantity (1,000 ton)	15,651.8	17,865.5	29,746.6	23,175.3	35,570.4	26,327.6	36,923.1

* Provisional

Note: The numbers may not add up due to rounding.

Source: Directorate General of Customs – Royal Oman Police, Ministry of Oil and Gas, Oman Oil Refineries & Petroleum Industries Company SAOC and Oman LNG

The following table sets forth the total trade exchange by country of origin for the five years ended 31 December 2015 and the eleven months ended 30 November 2016 and 2015.

Geographical Distribution of Trade Exchange

	31 December					30 November	
	2011	2012	2013	2014	2015	2015	2016*
(OMR millions)							
(A) Non-Oil Omani							
Exports	3,033.2	3,594.1	3,086.9	4,125.5	3,003.9	2,788.5	2,243.1
U.A.E.....	450.1	550.3	658.3	776.0	626.2	573.4	559.7
Saudi Arabia.....	239.6	329.7	542.5	436.7	375.0	350.9	233.8
India.....	413.1	611.6	415.7	383.6	274.1	242.5	244.1
China	331.8	276.4	217.1	220.7	215.6	202.9	192.3
United States	111.5	233.2	185.6	221.3	180.0	180.0	105.1
Others	1,487.0	1,608.2	1,690.8	2,087.2	1,333.0	1,180.2	748.9
(B) Re-Exports.....	2,247.6	2,486.3	3,541.4	2,944.1	2,571.6	2,366.6	1,916.6
U.A.E.....	888.5	988.7	1,270.1	1323.0	974.8	920.6	515.6
Saudi Arabia.....	149.0	179.7	366.2	355.8	313.3	274.9	157.5
China	234.2	436.1	360.4	252.3	295.6	280.0	166.2

	31 December					30 November	
	2011	2012	2013	2014	2015	2015	2016*
	(OMR millions)						
Iraq	7.2	104.3	2.7	23.2	132.1	112.3	259.2
South Africa	18.2	6.4	122.4	70.5	116.3	111.4	96.9
Others	816.7	764.1	1,262.7	919.3	739.5	667.4	721.2
(C) Imports	9,081.8	10,811.3	13,201.0	11,267.7	11,153.3	10,154.1	8,189.1
U.A.E.....	2,490.3	2,781.5	3,911.3	3,658.5	4271.0	3,832.2	3,977.4
Japan.....	1,148.0	1,455.9	1,277.7	1,376.2	663.3	633.1	386.3
India.....	437.6	592.4	1,198.5	486.6	625.5	544.3	416.2
China	420.8	540.1	403.0	540.6	583.8	554.5	401.5
United States	535.7	634.8	582.4	486.3	561.5	512.4	380.2
Others	4,049.5	4,893.8	5,453.0	4,719.4	4,448.2	4,077.6	2,628.1

* Provisional

Note: The numbers may not add up due to rounding.

Source: Directorate General of Customs – Royal Oman Police

Trade policy

Oman, a WTO Member since November 2000, grants at least most-favoured-nation ("MFN") treatment to all its trading partners. Oman has never been directly involved in any dispute under the WTO, but has reserved its third-party rights in a number of cases. Since January 2003, the GCC states have operated a common external tariff of 0 per cent. and 5 per cent. on most products. In addition, Oman applies a 100 per cent. tariff on imports of alcoholic beverages and pork products. Oman's overall average MFN applied tariff is 5.5 per cent.

Current Account

The current account registered a higher deficit of OMR 3,689 million for the nine months ended 30 September 2016 (21.6 percent of GDP during that period) compared to a deficit of OMR 2,743 million in the same period in 2015 (14 percent of GDP during that period). The enlarged deficit was attributable to a sharp fall in Oman's exports, which decreased to OMR 7,731 million in the nine months ended 30 September 2016 from OMR 11,005 million during the same period in 2015, mostly due to low oil prices. The balance of services recorded a lower deficit of OMR 1,849 million in the nine months ended 30 September 2016 from a deficit of OMR 2,025 million during the same period in 2015 partly due to higher receipts from inbound tourism and lower transport payments. The amount of outward remittances by expatriate workers decreased marginally by 1 percent to OMR 3,222 million in the first nine months of 2016 from OMR 3,255 million during the same period in 2015.

Capital Account and Financial Account

As of 30 September 2016, the capital account of the balance of payments was approximately OMR 125 million as compared to OMR 176 million for same period in 2015.

The capital and financial accounts registered a lower surplus of OMR 947 million during the first nine months of 2016 compared to a surplus of OMR 3,524 million during the same period in 2015. This was on account of large inflows of portfolio investments coupled with increase in Government loans for financing of Government deficit. Net foreign direct investment was approximately OMR (4) million in 2016 compared with net foreign direct investment of OMR (631) million during the same period in 2015.

Balance of Payments and Change in Reserves

Despite a surplus of OMR 947 million on the capital and financial account as of 30 September 2016, the OMR 3,689 million deficit on the current account as of 30 September 2016, along with associated with net errors and omissions of OMR (337) million, resulted in a overall balance of payments surplus of OMR 3,259 million as of 30 September 2016.

The following table summarizes the balance of payments of Oman as at 31 December for each of the five years ended 31 December 2015 and as at 30 September for the nine months ended 30 September 2016 and 2015.

Balance of Payments	31 December					30 September	
	2011	2012	2013	2014	2015*	2015*	2016*
(OMR millions)							
A. Current account	3,403	3,013	2,005	1,610	(4,155)	(2,743)	(3,689)
1. Goods	9,841	10,193	9,376	9,873	3,506	3,178	1,798
Exports (F.O.B).....	18,107	20,047	21,697	20,596	13,720	11,005	7,731
Oil.....	11,357	12,352	12,678	11,901	6,865	5,452	3,642
Crude.....	10,660	11,795	12,338	11,591	6,683	5,330	3,524
Refined Oil.....	697	557	341	310	182	123	118
Natural Gas.....	1,469	1,615	1,670	1,626	1,280	1,297	747
Other exports.....	3,033	3,594	3,807	4,126	3,004	2,371	1,800
Re-export (F.O.B).....	2,248	2,486	3,541	2,944	2,572	1,885	1,542
Imports (F.O.B)	(8,266)	(9,854)	(12,321)	(10,723)	(10,214)	(7,827)	(6,012)
2. Services	(2,081)	(2,338)	(2,627)	(2,630)	(2,545)	(2,025)	(1,849)
Services (Credit)	895	1,033	1,136	1,203	1,339	896	947
Travel.....	383	421	498	529	592	395	415
Transportation.....	348	428	420	446	483	324	343
Insurance.....	13	16	18	19	16	7	8
Communication.....	24	29	39	37	34	29	30
Other Services.....	128	139	162	173	214	141	151
Services (Debit)	(2,976)	(3,372)	3,763	(3,833)	(3,884)	(2,921)	(2,795)
Travel.....	(449)	(493)	(548)	(636)	(669)	(610)	(651)
Transportation.....	(1,196)	(1,402)	(1,689)	(1,533)	(1,503)	(1,071)	(953)
Insurance.....	(292)	(314)	(332)	(353)	(387)	(291)	(271)
Communication.....	(12)	(23)	(33)	(44)	(44)	(36)	(35)
Other Services.....	(1,027)	(1,140)	(1,161)	(1,267)	(1,282)	(912)	(885)
Balance on goods & services (1+2)	7,760	7,854	6,750	7,242	961	1,153	(51)
3. Income	(1,583)	(1,732)	(1,244)	(1,671)	(890)	(641)	(517)
Income (Credit)	282	276	737	463	250	220	234
Compensation of employees..	15	15	15	15	15	11	11
Other Investment Income.....	267	261	722	448	235	209	223
Income (Debit)	(1,865)	(2,008)	(1,981)	(2,134)	(1,141)	(861)	(751)
Direct Investment Income.....	(1,666)	(1,842)	(1,814)	(1,950)	(968)	(737)	(636)
Other Investment Income.....	(200)	(166)	(167)	(184)	(173)	(124)	(115)
Balance on goods, services & income (1+2+3)	6,177	6,122	5,506	5,571	71	(511)	(568)
4. Current Transfers	(2,774)	(3,109)	(3,501)	(3,961)	(4,226)	(3,255)	(3,222)
Current Transfer (Credit).....	—	—	—	—	—	—	—
Current Transfer (Debit).....	(2,774)	(3,109)	(3,501)	(3,961)	(4,226)	(3,255)	(3,222)
Worker Remittances.....	(2,774)	(3,109)	(3,501)	(3,961)	(4,226)	(3,255)	(3,222)
B. Capital and Financial Account (5+6)	(2,452)	(2,263)	2,437	(701)	4,741	3,524	947
5. Capital Account	(56)	(33)	(43)	(50)	209	176	125
Grants (Credit).....	0	0	0	0	209	176	125
Grants (Debit).....	(56)	(33)	(43)	(50)	0	0	0
6. Financial Account (i+ii+iii)	(2,396)	(2,230)	2,481	(651)	4,533	3,348	822
(i) Foreign Direct Investment	156	184	261	57	(1,148)	(631)	(4)
Assets (FSDI abroad).....	(470)	(340)	(359)	(522)	(113)	(98)	(110)
Liabilities (FDI in Oman) ..	626	525	620	579	(1,035)	(533)	106
(ii) Portfolio Investment	(306)	125	136	(261)	251	339	1,328
Assets.....	(153)	(556)	(356)	(568)	(495)	(192)	11
Liabilities.....	(154)	681	492	307	745	531	1,317
(iii) Other Investment	(2,246)	(2,540)	2,084	(447)	5,430	3,640	(503)
(a) Assets.....	(2,677)	(2,703)	(2,494)	(465)	2,992	1,815	(623)
Trade Credit & other receivable.....	(26)	(92)	(105)	(118)	(33)	58	(76)
Currency & Deposit.....	(553)	69	(274)	130	145	(33)	(73)
Other Assets.....	(2,099)	(2,680)	2,872	(477)	2,880	1,790	(474)
(b) Liabilities.....	431	163	(410)	18	2,438	1,825	120
Trade Credit & other Payables.....	20	46	17	8	64	123	(82)
Currency & Deposits.....	294	259	(249)	437	2,048	1,704	(2,126)
Loans.....	(152)	(199)	(277)	(433)	282	(138)	2,312
General Government (net)	(39)	(37)	(74)	(60)	305	(75)	2,211
Other Sectors.....	(113)	(162)	(203)	(372)	(23)	(62)	101
Other Liabilities.....	270	58	99	5	45	135	16
C. Net Errors & Omissions	(377)	(353)	282	(480)	(351)	(257)	(337)

Balance of Payments	31 December					30 September	
	2011	2012	2013	2014	2015*	2015*	2016*
<i>(OMR millions)</i>							
D. Overall balance	574	397	4,725	429	235	524	(3,259)
E. Reserves assets	(574)	(397)	(4,725)	(429)	(235)	(524)	3,259
Central Bank	(528)	26	(605)	(233)	(547)	(887)	1,297
Government Reserves	(46)	(423)	(4,120)	(196)	312	363	1,962

* Preliminary

Foreign Reserves Assets

Oman's foreign reserves assets are held partly by the Central Bank of Oman and partly by the SGRF. Oman's commercial banks also have foreign exchange reserves but these are not available to the Government of Oman under normal circumstances and consequently are not included as official reserves assets.

The following table sets forth Oman's total foreign reserves assets as at 31 December for each of the six years ended 31 December 2016.

	31 December					
	2011	2012	2013	2014	2015	2016
<i>(OMR millions, except months of imports and U.S.\$)</i>						
Central Bank of Oman	5240.0	5513.7	6133.3	6276.9	6,745.8	7,791.0
SGRF	4,666.2	5,088.2	9,248.5	9,459.7	9,196.9	8,387.4
Total	9,906.2	10,601.9	15,381.8	15,736.6	15,942.7	16,177.9
In U.S.\$	25,764	27,573	40,005	40,928	41,464	42,021
In month of imports (F.O.B.)	14.4	12.9	15.0	17.6	18.7	21.7 ⁽¹⁾
Merchandise imports F.O.B.	8,266.0	9,854.0	12,321.0	10,723.0	10,214.0	8,934.1⁽¹⁾

⁽¹⁾ Annualised based on merchandise imports of OMR 8,189.6 million for the eleven months ended 30 November 2016.

Note: F.O.B refers to "free on board"

Source: Central Bank of Oman and Ministry of Finance

Oman's total foreign reserves were OMR 16,177.9 million as at 31 December 2016 and are free from any encumbrances. Approximately 68 per cent. of Oman's SGRF reserves and approximately 90 per cent. of CBO reserves were held in U.S. dollars as at 31 December 2016, and the Government intends to primarily maintain its foreign reserves in U.S. dollars in the future.

Central Bank of Oman's Foreign Reserves Assets

The foreign reserves assets held by the Central Bank of Oman increased by 15.5 per cent. to approximately OMR 7.8 billion as at 31 December 2016 from approximately OMR 6.7 billion as at 31 December 2015.

The following table sets for the foreign reserves assets held by the Central Bank of Oman as at 31 December for each of the six years ended 31 December 2016.

	As at 31 December					
	2011	2012	2013	2014	2015	2016
<i>(OMR millions)</i>						
Gross Foreign Assets	5,524.0	5,513.7	6,133.3	6,276.9	6,745.8	7,791.0
(a) Bullion	0.6	0.7	0.4	0.4	0.4	0.4
(b) IMF Reserve Assets	146.9	148.3	153.0	144.5	135.4	127.2
(c) Placements Abroad	1,434.5	1,097.1	1,216.6	860.4	1,358.0	2,510.7
(d) Securities	3,942.0	4,267.6	4,763.3	5,271.6	5,252.0	5,152.6
Less:						
Foreign cy. Deposits from Government	790.2	789.0	550.8	435.5	386.2	1,155.9
Foreign cy. Deposits from banks	—	—	—	82.8	300.8	—

	As at 31 December					
	2011	2012	2013	2014	2015	2016
	<i>(OMR millions)</i>					
Central Bank's Own Foreign Reserve Assets	4,733.8	4,724.7	5,582.5	5,758.6	6,058.8	6,634.6

Source: Central Bank of Oman

State General Reserve Fund

In 1980 Oman established the SGRF, which is principally funded by contributions from oil revenues. Funds may only be withdrawn from the SGRF to finance the general budget of Oman. The SGRF's assets have risen from OMR 2.9 billion at the end of 2005 to OMR 8.39 billion as at 31 December 2016. This increase is notably due to a contribution of OMR 3,301 million from the Government in 2013 that had been previously held in the government's contingency fund. As at 31 December 2016, SGRF's total assets were valued at OMR 8.39 billion as compared to OMR 9.66 billion as at 31 December 2015 due to transfers to the Ministry of Finance in line with the 2016 budget for the purposes of deficit reduction. No cash transfers have been made from the SGRF to the Ministry of Finance from 2014 through 2015. Transfers from the SGRF to the ministry have been made in 2016 in line with the 2016 budget including a OMR 1.2 billion transfer in March.

The SGRF is an independent body regulated and supervised by the Financial Affairs and Energy Resources Council. The assets of the SGRF are invested internationally in both public markets (which include equity, fixed income and money markets) and in private markets (which include private equity and real estate). The SGRF's portfolio is regularly reviewed to enhance performance and ensure that its asset allocation is appropriate under the prevailing circumstances.

The following table set forth the balance of the SGRF as at 31 December for each of the twelve years ended 31 December 2016.

SGRF Balance

	As at 31 December											
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	<i>(OMR millions)</i>											
Opening balance.....	2,252.0	3,084.0	3,747.1	4,535.5	4,308.0	4,537.5	4,776.7	4,804.3	5,232.9	9,386.0	9,640.5	9,659.5
Closing balance	3,084.0	3,747.1	4,535.5	4,308.0	4,537.5	4,776.7	4,804.2	5,232.9	9,386.0	9,640.4	9,659.5	8,387.4
Memorandum items:												
Fund resources held with: ...	3,084.0	3,747.1	4,535.5	4,308.0	4,537.5	4,776.7	4,804.3	5,232.9	9,386.0	9,640.5	9,659.5	8,387.4
Central Bank of Oman	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	768.7
Resident commercial banks.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	291.4	438.0
Muscat securities market.....	85.0	114.0	187.5	133.7	153.5	157.8	138.1	144.7	137.5	180.8	177.5	315.4
Foreign banks and institutions.....	2,999.0	3,633.0	4,347.9	4,174.3	4,384.0	4,618.9	4,666.2	5,088.2	9,248.5	9,459.7	9,196.88	6,865.3

Sources: Ministry of Finance and Central Bank of Oman

Other Government Assets

Petroleum Reserve Fund

The Petroleum Reserve Fund was established in 1993. Its resources are earmarked for hydrocarbon investment inside and outside Oman. In general, oil revenues equivalent to revenue from 15,000 barrels per day are transferred to the Petroleum Reserve Fund each year. A total of OMR 2.34 billion has been transferred to the Fund since its creation during which time OMR 2.33 billion has been provided to OOC.

The Petroleum Reserve Fund is not considered part of the total foreign reserves assets. As at 31 December 2016, the total position of the Petroleum Reserve Fund was OMR 127.9 million.

The following table set forth the balance of the Petroleum Reserve Fund as at 31 December for each of the thirteen years ended 31 December 2016.

Petroleum Reserve Fund Balance

	As at 31 December												
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	(OMR millions)												
Opening balance.....	107.0	154.0	217.0	203.6	172.2	159.7	210.7	373.2	592.2	827.4	599.0	117.0	127.9
Amounts to OOC ⁽¹⁾	26.1	44.0	164.0	253.7	228.3	69.9	0.0	0.0	0.0	691.8	461.2	99.9	
Closing balance.....	154.1	217.0	203.6	172.2	159.7	210.7	373.2	592.2	827.4	599.0	117.0	127.9	127.9

* Preliminary

⁽¹⁾ These amounts increase government capital in OOC or support expenditures on OOC projects.

Source: Ministry of Finance

Infrastructure Project Finance Account (IPF) or Infrastructure Development Account

The IPF was formed in accordance with the directives of the Financial Affairs Energy Resources Council in April 2003. The objective of the IPF is to ensure the availability of sufficient funds for infrastructure related projects. A total of OMR 3.43 billion has been transferred to the IPF since its creation as a result of past budgetary surpluses. As at 31 December 2016, OMR 3.27 billion has been withdrawn to finance the fiscal deficit since mid-2014. Remaining assets under the IPF amounted to approximately OMR 108.8 million as at 31 December 2016. The IPF is not considered part of the total foreign reserves assets.

Oman Investment Fund

OIF was established under Royal Decree 14/2006 in March 2006 and is wholly-owned by the Government of Oman. OIF's principal sources of capital are allocations from the government budget surpluses. OIF aims to principally invest in long and medium term projects in the industrial and services sectors within and outside Oman, with the aim of maximizing returns at an acceptable degree of risk. As at 31 December 2016, total assets held by OIF amounted to approximately OMR 1,450.8 million, of which OMR 415 million was invested abroad. OIF's assets are not considered part of the total foreign reserves.

In December 2016, as part of broader strategy to transfer the Government of Oman's holdings in certain private entities to holding companies, including OIF and SGRF, Oman transferred its 51 per cent. stake in Omantel, the country's incumbent telecoms operator, from the Ministry of Finance to OIF. The announcement was made in a disclosure to the Muscat Securities Market. The proceeds of OMR 287 million were used to purchase foreign reserves designated for deficit financing (although at present, the Government does not have any immediate intention for further such transfers for the purposes of deficit financing). Furthermore, a U.S.\$600 million facility maturing in April 2022 was secured in May 2017, the proceeds of which are to be used to finance OIF's acquisition of Omantel. A merger of OIF and SGRF is also under review by the Government in order to maximize efficiencies.

Government deposits in the domestic banking sector

As at 31 December 2016, total government deposits within conventional commercial banks amounted to OMR 4,898.7 million, an increase of 2.3 per cent from OMR 4,789.5 million as at 31 December 2015. The vast majority of the deposit is denominated in Omani Rial.

FORM OF THE TRUST CERTIFICATES

Words and expressions defined in the Conditions shall have the same meanings in this section, "*Form of the Trust Certificates*".

The Trust Certificates of each Tranche will be in registered form. Trust Certificates will be issued and sold both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A or otherwise in private transactions that are exempt from the registration requirements under the Securities Act.

Each Tranche of Trust Certificates will initially be represented by a global trust certificate in registered form. The Trust Certificates of each Series offered and sold in reliance on Regulation S, which will be sold to persons who are not U.S. persons outside the United States, will initially be represented by beneficial interests in a global certificate in registered form (an "**Unrestricted Global Trust Certificate**"). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Series of Trust Certificates, beneficial interests in an Unrestricted Global Trust Certificate may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Unrestricted Global Trust Certificate will bear a legend regarding such restrictions on transfer.

The Trust Certificates of each Series offered and sold in the United States or to U.S. persons may only be offered and sold in private transactions to QIBs who are also QPs, in each case acting for their own account or for the account of one or more QIBs who are also QPs. The Trust Certificates of each Series sold to QIBs who are also QPs in reliance on Rule 144A will initially be represented by a global certificate in registered form (a "**Restricted Global Trust Certificate**", and together with the Unrestricted Global Trust Certificate, the "**Global Trust Certificates**"). By the acquisition of a beneficial interest in such Global Trust Certificate, the purchaser thereof will be deemed to represent, among other things, that it is a QIB that is also a QP and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Restricted Global Trust Certificate.

No beneficial interest in an Unrestricted Global Trust Certificate may be transferred to a person who takes delivery in the form of a beneficial interest in a Restricted Global Trust Certificate unless: (i) the transfer is to a person that is both a QIB and a QP, (ii) such transfer is made in reliance on Rule 144A, and (iii) the transferor provides the Registrar with a written certification to the effect that the transferor reasonably believes that the transferee is a QIB that is also a QP, that the transfer is being made in a transaction meeting the requirements of Rule 144A and that such transaction is in accordance with any applicable securities laws of any State of the United States or any other jurisdiction. No beneficial interest in the Restricted Global Trust Certificates may be transferred to a person who takes delivery in the form of a beneficial interest in an Unrestricted Global Trust Certificate unless the transfer is to a non-U.S. person in an offshore transaction in reliance on Regulation S and the transferor provides the Registrar with a written certification to the effect that the transfer is being made to a person who is a non-U.S. person in accordance with Regulation S.

Global Trust Certificates will either (i) be deposited with a custodian for, and registered in the name of a nominee of, DTC; or (ii) be deposited with a common depositary (the "**Common Depositary**") for Euroclear and Clearstream, Luxembourg and will be registered in the name of a nominee for the Common Depositary (as specified in the applicable Final Terms). Persons holding beneficial interests in Global Trust Certificates will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Trust Certificates in fully registered form.

Payments of any amount in respect of each Global Trust Certificate will, in the absence of provision to the contrary, be made to the person shown on the relevant Register as the registered holder of the relevant Global Trust Certificate. None of the Trustee, the Delegate, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Trust Certificates or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payment of any amounts in respect of Trust Certificates will, in the absence of any provision to the contrary, be made to the persons shown on the relevant Register on the relevant Record Date immediately preceding the due date for payment in the manner provided in the Conditions.

Interests in a Global Trust Certificate will be exchangeable (free of charge), in whole but not in part, for definitive Trust Certificates only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to Certificateholders in accordance with Condition 18 if an Exchange Event occurs. For these purposes, "**Exchange Event**" means that (i) the Delegate has given notice in accordance with Condition 15 that a Dissolution Event has occurred and is continuing or (ii) in the case of a Global Trust Certificate registered in the name of a nominee for DTC, either DTC has notified the Trustee that it is unwilling or unable to continue to act as depository for the Trust Certificates or DTC has ceased to constitute a clearing agency registered under the Exchange Act or is at any time no longer eligible to act as such and, in either case, no alternative clearing system is available (in accordance with the terms of the Global Trust Certificate); (iii) in the case of a Global Trust Certificate registered in the name of a nominee for a Common Depository for Euroclear and Clearstream, Luxembourg, the Trustee, the Government and the Delegate have been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available. In the event of the occurrence of an Exchange Event, DTC (or any other person acting on its behalf, as the case may be), Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Trust Certificate) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (ii) above, the Trustee may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar. Definitive Trust Certificates issued in exchange for a beneficial interest in the Restricted Global Trust Certificate shall bear the legends applicable to transfers pursuant to Rule 144A and Rule 3(c)(7) of the Investment Company Act, as set out under "*Transfer Restrictions*".

For so long as any of the Trust Certificates is represented by a Global Trust Certificate held on behalf of Euroclear, Clearstream, Luxembourg and/or DTC (as applicable), each person (other than Euroclear, Clearstream, Luxembourg or DTC (as applicable)) who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg or DTC (as applicable) as the holder of a particular face amount of such Trust Certificates (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or DTC (as applicable) as to the face amount of such Trust Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Trustee, the Delegate, the Government and the Agents as the holder of such face amount of such Trust Certificates for all purposes other than with respect to any payment in respect of such Trust Certificates, for which purpose the registered holder of the Global Trust Certificate shall be treated by the Trustee, the Delegate, the Government and any Agent as the holder of such face amount of such Trust Certificates in accordance with and subject to the terms of the relevant Global Trust Certificate and the expressions "**Certificateholder**" and "**holder**" in relation to any Trust Certificates and related expressions shall be construed accordingly.

Pursuant to the Agency Agreement, the Principal Paying Agent shall arrange that, where a further Tranche is issued (in accordance with "*Further Issues*", as set out in the Conditions) which is intended to form a single Series with an existing Tranche at a point after the Issue Date of the further Tranche, the Trust Certificates of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Trust Certificates of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series.

Interests in a Global Trust Certificate may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Global Trust Certificate. No beneficial owner of an interest in a Global Trust Certificates will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and/or Clearstream, Luxembourg, in each case to the extent applicable.

The Trust Certificates are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions. See "*Transfer Restrictions*".

Any reference herein to Euroclear, Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

FORM OF FINAL TERMS

The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Final Terms

[Date]

Oman Sovereign Sukuk S.A.O.C.

Issue of [Aggregate Face Amount of Tranche] [Title of Trust Certificates]

under the Trust Certificate Issuance 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 Trust Certificates set forth in the Base Prospectus dated 16 May 2017 [and the supplement(s) to it dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Trust Certificates described herein [for the purposes of Article 5.4 of the Prospectus Directive]¹ and must be read in conjunction with the Base Prospectus². Full information on the Trustee, the Government and the offer of the Trust Certificates is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and these Final Terms]³ [is/are] available for viewing in accordance with Article 14 of the Prospectus Directive on the website of the Central Bank (www.centralbank.ie) and may be obtained during normal business hours from the specified office of the Principal Paying Agent at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB, United Kingdom.

- | | | | |
|----|-----|---|--|
| 1. | (a) | Trustee, Seller and Lessor: | Oman Sovereign Sukuk S.A.O.C. (registered in Oman with commercial registration number 1225873) |
| | (b) | Purchaser, Obligor, Lessee and Servicing Agent: | The Government of the Sultanate of Oman represented by the Ministry of Finance (the " Government ") |
| 2. | (a) | Series Number: | [•] |
| | (b) | Tranche Number: | [•] |
| | (c) | Date on which the Trust Certificates become fungible: | [The Trust Certificates will be consolidated and form a single Series with [identify earlier Tranche(s)] on [insert date/the Issue Date]] [Not Applicable] |
| 3. | | Specified Currency: | [•] |
| 4. | | Aggregate Face Amount: | [•] |
| | (a) | Series | [•] |

¹ To be included only if the Trust Certificates are to be admitted to trading on the regulated market, and listing on the official list, of the Irish Stock Exchange plc.

² To be deleted where the Trust Certificates are neither admitted to trading on a regulated market in the EEA nor offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Directive.

³ To be included only if the Trust Certificates are to be admitted to trading on the regulated market, and listing on the official list, of the Irish Stock Exchange plc.

	(b) Tranche	[•]
5.	Issue Price:	[•] per cent. of the Aggregate Face Amount
6.	(a) Specified Denominations:	[•]
	(b) Calculation Amount:	[•]
7.	(a) Issue Date:	[•]
	(b) Return Accumulation Commencement Date	[[•]/Issue Date]
8.	Scheduled Dissolution Date:	[•]
9.	Periodic Distribution Amount Basis:	[Fixed/Floating] Rate Trust Certificates (further particulars specified below)
10.	Dissolution Basis:	The Trust Certificates will be redeemed at 100 per cent. of the Aggregate Face Amount.
11.	Put/Call Rights:	[Not Applicable] [Optional Dissolution Call Right] [Certificateholder Put Right] [Clean Up Call Right]
12.	Status	Unsubordinated
13.	Date of Trustee's approval and date of Government's approval for issuance of Trust Certificates:	[•] and [•], respectively

Provisions relating to profit payable (if any)

14.	Fixed Periodic Distribution Provisions:	[Applicable/Not Applicable]
	(a) Rate[(s)]:	[•] per cent. per annum payable [annually/semi-annually/quarterly/monthly/[•]] [in arrear on each Periodic Distribution Date]
	(b) Return Accumulation Period:	[[•]/[Not Applicable]]
	(c) Periodic Distribution Date(s):	[[•] in each year up to and including the Scheduled Dissolution Date]
	(d) Fixed Amount(s) for Trust Certificates in definitive form (and in relation to Trust Certificates in global form, see Condition 7):	[•] per Calculation Amount
	(e) Broken Amount(s):	[[•] per Calculation Amount, payable on the Periodic Distribution Date falling [in/on] [•]/Not Applicable]
	(f) Day Count Fraction:	[30/360 /Actual/Actual (ICMA)]

- (g) Determination Date(s): [[•] in each year/Not Applicable]
15. Floating Periodic Distribution Provisions: [Applicable/Not Applicable]
- (a) Return Accumulation Period: [[•]/[Not Applicable]]
- (b) Specified Periodic Distribution Date(s): [•] in each year up to and including the Scheduled Dissolution Date, commencing on [•][, [in each case] subject to adjustment in accordance with the Business Day Convention set out in (c) below/, not subject to adjustment]
- (c) Specified Period [[•]/[Not Applicable]]
- (Specified Period and Specified Periodic Distribution Dates are alternatives. A Specified Period, rather than Specified Periodic Distribution Dates, will only be relevant if the Business Day Convention is the Floating Rate Convention. Otherwise, insert "Not Applicable")*
- (d) Business Day Convention: [Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / Not Applicable]
- (e) Additional Business Centre(s): [[•]/Not Applicable]
- (f) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: [•] month [LIBOR / EURIBOR / KIBOR / SHIBOR / HIBOR / KLIBOR / TRLIBOR / TRYLIBOR / SIBOR / EIBOR / TIBOR / SAIBOR]
 - Periodic Distribution Determination Date: [•] [TARGET2/[•]] Business Days [in [•]] prior to the [•] day in each Return Accumulation Period
 - Relevant Screen Page: [•]
 - Relevant Time: [•]
- (g) ISDA Determination [Applicable/Not Applicable]
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [First day of the Return Accumulation Period]/[•]
- (h) Linear Interpolation: [Applicable/Not Applicable] [The Rate for the [long/short] [first/last] Return Accumulation Period shall be calculated using Linear Interpolation]
- (i) Margin(s): [+/-][•] per cent. per annum

- | | | |
|-----|--|--|
| (j) | Maximum Rate: | [Not Applicable/[•] per cent. per annum] |
| (k) | Minimum Rate: | [Not Applicable/[•] per cent. per annum] |
| (l) | Day Count Fraction: | [Actual/Actual]
[Actual/Actual (ISDA)]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360]
[360/360]
[Bond Basis]
[30E/360]
[Eurobond Basis]
[30E/360 (ISDA)]
[Actual/Actual (ICMA)] |
| (m) | Calculation Agent
(party responsible for
calculating the Rate(s)
and/or Periodic
Distribution
Amount(s)): | [Principal Paying Agent/[•]] |

Provisions relating to dissolution

- | | | |
|-----|---|---|
| 16. | Optional Dissolution Call
Right: | [Applicable/Not Applicable] |
| (a) | Optional Dissolution
Date(s): | [•] |
| (b) | Optional Dissolution
Amount (Call): | [As per Condition 1/[•]] |
| (c) | Notice periods: | [[•]/As per Condition 11.2] |
| 17. | Certificateholder Put Right: | [Applicable/Not Applicable] |
| (a) | Optional Dissolution
Amount (Put): | [As per Condition 1/[•]] |
| (b) | Certificateholder Put
Right Date(s): | [Periodic Distribution Date/[•]] |
| (c) | Notice period: | [[•]/As per Condition 11.4] |
| 18. | Clean Up Call Right: | [Applicable/Not Applicable] |
| (a) | Clean Up Call
Dissolution Amount: | [As per Condition 1/[•]] |
| (b) | Notice period: | [[•] ⁴ /As per Condition 11.5] |
| 19. | Dissolution Event Amount: | [As per Condition 1/[•]] |

⁴ Such notice being 30 days after the Certificateholder Put Right Date.

20. Final Dissolution Amount: [As per Condition 1/[•]]
21. Other Dissolution Amount: [[As per Condition 1/[•]]/Not Applicable]

General provisions applicable to the Trust Certificates

22. Form of Trust Certificates: Trust Certificates in registered form:
- [Unrestricted Global Trust Certificate registered in the name of [a nominee for DTC/a common depositary for Euroclear and Clearstream, Luxembourg] and exchangeable for Trust Certificates in definitive registered form in the limited circumstances specified in the Unrestricted Global Trust Certificate.]
- [Restricted Global Trust Certificate registered in the name of [a nominee for DTC/ a common depositary for Euroclear and Clearstream, Luxembourg] and exchangeable for Trust Certificates in definitive registered form in the limited circumstances specified in the Restricted Global Trust Certificate.]
- [Reg S Compliance Category 2][Rule 144A]
23. Additional Financial Centre(s): [Not Applicable/[•]]
24. Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

Provisions in respect of the Trust Assets

25. Trust Assets: Condition 5.1 applies
26. (a) Details of Transaction Account: [Oman Sovereign Sukuk S.A.O.C.] Transaction Account No: [•] with [•] for Series No.: [•]
- (b) Supplemental Trust Deed: Supplemental Trust Deed dated [•] between the Trustee, the Government and the Delegate
- (c) Supplemental Purchase Agreement: Supplemental Purchase Agreement dated [•] between the Trustee and the Government
- (d) Supplemental Lease Agreement: Supplemental Lease Agreement dated [•] between the Trustee, the Lessor, the Lessee and the Delegate
- (e) Declaration of Commingling of Assets: [Declaration of Commingling of Assets dated [•] executed by the Trustee][Not Applicable]

Signed on behalf of **OMAN SOVEREIGN**
SUKUK S.A.O.C.

Signed on behalf of **THE GOVERNMENT OF**
THE SULTANATE OF OMAN
REPRESENTED BY THE MINISTRY OF
FINANCE

By
Duly authorised

By:
Duly authorised

PART B – OTHER INFORMATION

1. Listing and Admission to Trading

- (a) Listing and Admission to trading: [Application has been made by the Trustee (or on its behalf) to the Irish Stock Exchange plc for the Trust Certificates to be listed on its Official List and admitted to trading on its regulated market with effect from [•].] [Not Applicable.]
- (b) Estimate of total expenses related to admission to trading: [•]

2. Ratings

Ratings: The Trust Certificates to be issued [have been/are expected to be/will not be] rated.

[Fitch: [•]]
[S&P: [•]]
[Moody's: [•]]
[[•]: [•]]

[[•] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[[•] is established in the European Union and is registered under Regulation (EC) No 1060/2009.]

[[•] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. However, the application for registration under Regulation (EC) No. 1060/2009 of [•], which is established in the European Union, disclosed the intention to endorse credit ratings of [•].]

[[•] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. The ratings [[have been]/[are expected to be]] endorsed by [•] in accordance with Regulation (EC) No. 1060/2009. [•] is established in the European Union and registered under Regulation (EC) No. 1060/2009.] [[•] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, but it is certified in accordance with such Regulation.]

3. Interests of Natural and Legal Persons involved in the Issue

[Save for any fees payable to the [Managers/Dealer], so far as each of the Trustee and the Government is aware, no person involved in the issue of the Trust Certificates has an interest material to the offer. The [Managers/Dealer] and [its/their] affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Government and/or the Trustee (and each of their affiliates) in the ordinary course of business for which they may receive fees.]

4. **Yield:** [•] per cent. per annum The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. Operational Information

- | | | |
|-----|--|--|
| (a) | ISIN: | [•] |
| (b) | Common Code: | [•] |
| (c) | CUSIP | [•] |
| (d) | Any clearing system(s) other than DTC, Euroclear Bank SA/NV and Clearstream Banking, SA and the relevant identification number(s): | [Not Applicable/give name(s), address(es) and number(s)] |
| (e) | Delivery | Delivery [against/free of] payment |
| (f) | Names and addresses of additional Paying Agent(s) (if any): | [•] |
| (g) | Stabilising Manager(s): | [•] |

TERMS AND CONDITIONS OF THE TRUST CERTIFICATES

The following is the text of the Terms and Conditions of the Trust Certificates, which (save for the text in italics and subject to completion in accordance with the provisions of Part A of the relevant Final Terms) will be endorsed on each Trust Certificate in definitive registered form issued under the Programme and will apply to each Global Trust Certificate.

Oman Sovereign Sukuk S.A.O.C., registered in Oman with commercial registration number 1225873 (in its capacity as issuer of the Trust Certificates (as defined below) and as trustee for the Certificateholders (as defined below), the "**Trustee**"), has established a programme (the "**Programme**") for the issuance of trust certificates (the "**Trust Certificates**"). The size of the Programme is unlimited, subject to the annual state budget, any other statutory or other budgetary limitations on incurring indebtedness imposed from time to time and compliance with all statutory and other approvals required in connection with the issuance of Trust Certificates under the Programme or otherwise.

As used herein, "**Tranche**" means Trust Certificates which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Trust Certificates together with any further Tranche or Tranches of Trust Certificates which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of Periodic Distribution Amounts (as defined herein) thereon and the date from which Periodic Distribution Amounts start to accrue.

The final terms for this Trust Certificate (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Trust Certificate which complete these Terms and Conditions (these "**Conditions**"). References to the "**applicable Final Terms**" are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Trust Certificate (save where otherwise expressed herein).

Each of the Trust Certificates will represent an undivided ownership interest in the Trust Assets (as defined below) which are held by the Trustee on trust (the "**Trust**") for, *inter alia*, the benefit of the holders of the Trust Certificates pursuant to (i) a Master Trust Deed (the "**Master Trust Deed**") dated 16 May 2017 and made between the Trustee, the Government of the Sultanate of Oman represented by the Ministry of Finance (the "**Government**") and The Law Debenture Trust Corporation p.l.c. (the "**Delegate**") and (ii) a supplemental trust deed (the "**Supplemental Trust Deed**" and, together with the Master Trust Deed, the "**Trust Deed**") having the details set out in the applicable Final Terms.

In these Conditions, references to "**Trust Certificates**" shall be references to the Trust Certificates of the Series which are the subject of the applicable Final Terms only, not to all Trust Certificates that may be issued under the Programme (whether in global form as a Restricted Global Trust Certificate (as defined herein) and/or an Unrestricted Global Trust Certificate (as defined herein), as the context may require (each a "**Global Trust Certificate**"), or in definitive form as definitive Trust Certificates), which are the subject of the applicable Final Terms).

Payments relating to the Trust Certificates will be made pursuant to an agency agreement dated 16 May 2017 (the "**Agency Agreement**") made between the Trustee, the Delegate, the Government and Citibank, N.A., London Branch in its capacity as principal paying agent (in such capacity, the "**Principal Paying Agent**", which expression shall include any successor), the other paying agents named therein (in such capacity, the "**Paying Agents**"), the transfer agent (in such capacity, the "**Transfer Agent**", which expression shall include any successor) and calculation agent (in such capacity, the "**Calculation Agent**", which expression shall include any successor) and Citigroup Global Markets Deutschland AG in its capacity as registrar (in such capacity, the "**Registrar**", which expression shall include any successor). The Principal Paying Agent, the Calculation Agent, the Paying Agents, the Transfer Agent and the Registrar are together referred to in these Conditions as the "**Agents**".

The holders of the Trust Certificates (the "**Certificateholders**") are bound by, and are deemed to have notice of, all of the provisions applicable to them in the documents set out below, copies of which are available for inspection during normal business hours at the specified office for the time being of the Principal Paying Agent:

- (a) a master purchase agreement between the Trustee (in its capacity as purchaser) and the Government (in its capacity as seller) dated 16 May 2017 (the "**Master Purchase Agreement**");

- (b) the supplemental purchase agreement (the "**Supplemental Purchase Agreement**" and, together with the Master Purchase Agreement, the "**Purchase Agreement**") having the details set out in the applicable Final Terms;
 - (c) a master lease agreement between the Trustee (in such capacity as lessor), the Government (in its capacity as lessee) and the Delegate dated 16 May 2017 (the "**Master Lease Agreement**");
 - (d) the supplemental lease agreement (the "**Supplemental Lease Agreement**" and, together with the Master Lease Agreement, the "**Lease Agreement**") having the details set out in the applicable Final Terms (including any new Supplemental Lease Agreement entered into pursuant: to (i) the Sale and Substitution Undertaking; (ii) the Purchase Undertaking; (iii) the Servicing Agency Agreement (each as defined below); or (iv) the relevant Supplemental Purchase Agreement;
 - (e) a purchase undertaking entered into by the Government (in its capacity as obligor) as a deed dated 16 May 2017 (the "**Purchase Undertaking**"), containing the form of sale agreement (the "**Sale Agreement**") to be executed by the Government (in its capacity as purchaser) and the Trustee (in its capacity as seller) on the Scheduled Dissolution Date, the Dissolution Event Redemption Date or the Certificateholder Put Right Date, as the case may be (each such expression having the meaning given to it in the Purchase Undertaking);
 - (f) a sale and substitution undertaking entered into by the Trustee as a deed dated 16 May 2017 (the "**Sale and Substitution Undertaking**") containing the form of sale agreement (the "**Sale Agreement**") to be executed by the Trustee (in its capacity as seller) and the Government (in its capacity as purchaser) on the Clean Up Call Right Dissolution Date, the Optional Dissolution Date, the Cancellation Date or the Substitution Date, as the case may be (each such expression having the meaning given to it in the Sale and Substitution Undertaking);
 - (g) a servicing agency agreement between the Trustee (in its capacity as lessor) and the Government (in its capacity as servicing agent, the "**Servicing Agent**") dated 16 May 2017 (the "**Servicing Agency Agreement**");
 - (h) a declaration of comingling of assets entered into by the Trustee as a deed pursuant to the Trust Deed;
 - (i) the Trust Deed;
 - (j) the Agency Agreement; and
 - (k) the applicable Final Terms,
- (a) to (j) together being the "**Transaction Documents**".

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Each initial Certificateholder, by its acquisition and holding of its interest in a Trust Certificate, shall be deemed to authorise and direct the Trustee to enter into each Transaction Document to which it is a party, subject to the terms and conditions of the Trust Deed and these Conditions and to apply the sums paid by it in respect of its Trust Certificates in accordance with the terms of the Transaction Documents.

1. **Interpretation**

1.1 **Definitions**

Words and expressions defined in the Trust Deed and the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of inconsistency between any such document and the applicable Final Terms, the applicable Final Terms will prevail. In addition, in these Conditions the following expressions have the following meanings:

"**Accrual Period**" has the meaning given in Condition 7.3 or 8.7, as applicable;

"Agency" means any political sub-division, regional or municipal government, ministry, department, authority or statutory corporation of the Government (whether or not autonomous) and any corporation or other entity which is directly or indirectly controlled or (as to 50 per cent. or more of its issued share capital or the equivalent thereof) owned by the Government;

"Aggregation Agent" shall have the meaning given to it in Condition 20(a);

"Applicable Maturity" has the meaning given in Condition 8.5;

"Business Day" has the meaning given in Condition 8.2;

"Calculation Agent" means the Principal Paying Agent or such other Person specified in the applicable Final Terms as the party responsible for calculating the Periodic Distribution Amount and/or such other amount(s) as may be specified in the applicable Final Terms in accordance with Condition 8;

"Cancellation Date" means the date on which Trust Certificates are to be cancelled as specified in the Cancellation Notice;

"Cancellation Notice" means a notice substantially in the form set out in Schedule 2 to the Sale and Substitution Undertaking;

"Cancelled Lease Asset(s)" means the assets to be sold by the Trustee (in its capacity as seller) to the Government (in its capacity as purchaser) in accordance with the Sale and Substitution Undertaking following the delivery of, and as specified in, an applicable Cancellation Notice;

"Certificateholder Put Right" means the right exercisable by the Trustee at the request of Certificateholder pursuant to Condition 11.4;

"Certificateholder Put Right Date" means the date on which the relevant Trust Certificates are to be redeemed in accordance with Condition 11.4, as specified in the relevant Exercise Notice, provided that such date is a Periodic Distribution Date, unless otherwise specified in the applicable Final Terms;

"Certificateholder Put Right Exercise Price" has the meaning given to it in the Purchase Undertaking;

"Clean Up Call Dissolution Amount" has the meaning given to it in Condition 11.5;

"Clean Up Call Right" means the right exercisable by the Trustee at the request of the Government pursuant to Condition 11.5

"Clean Up Call Right Dissolution Date" has the meaning given to it in Condition 11.5;

"Clearstream" means Clearstream Banking, S.A.;

"Day Count Fraction" has the meaning given in Condition 7.3 or 8.7, as applicable;

"Determination Period" has the meaning given in Condition 7.3;

"Dispute" has the meaning given in Condition 26.2;

"Dissolution Amount" means, as appropriate, the Final Dissolution Amount, the Dissolution Event Amount, the Optional Dissolution Amount (Call), the Optional Dissolution Amount (Put), the Clean Up Call Dissolution Amount, which shall, unless otherwise specified in the applicable Final Terms, in each case, be equal to the sum of:

- (a) the outstanding face amount of the relevant Trust Certificates; and
- (b) any due and unpaid Periodic Distribution Amounts of such Trust Certificates; or

- (c) such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the applicable Final Terms (including any amount payable following a Total Loss Event);

"Dissolution Date" means, as the case may be, (a) the Scheduled Dissolution Date, (b) the Dissolution Event Redemption Date, (c) the Optional Dissolution Date, (d) the Total Loss Dissolution Date, (e) the Certificateholder Put Right Date, (e) the Clean Up Call Right Dissolution Date;

"Dissolution Event" has the meaning given to it in Condition 15;

"Dissolution Event Amount" has the meaning given to it in Condition 11.6;

"Dissolution Event Redemption Date" has the meaning given to it in Condition 15;

"Dissolution Notice" has the meaning given to it in Condition 15;

"DTC" shall mean The Depository Trust Company;

"Euroclear" means Euroclear Bank SA/NV;

"Exercise Notice" means a notice substantially in the form set out in Schedule 1 to the Sale and Substitution Undertaking;

"Exercise Price" has the meaning given to it in the Sale and Substitution Undertaking or the Purchase Undertaking, as applicable;

"Extraordinary Resolution" has the meaning given in Condition 19(a)(vii);

"Final Dissolution Amount" shall have the meaning given to it in Clause 11.1;

"Full Reinstatement Value" means, in relation to each Series, an amount equal to the aggregate of:

- (a) the aggregate face amount of the Trust Certificates then outstanding plus all accrued but unpaid Periodic Distribution Amounts relating to such Trust Certificates;
- (b) an amount equal to the Periodic Distribution Amounts relating to such Trust Certificates which would have accrued (had a Total Loss Event not occurred) during the period beginning on the date on which the Total Loss Event occurs and ending on but excluding the earlier of (i) the date on which the Trust Certificates are redeemed in full in accordance with Condition 11.3 and (ii) the Total Loss Dissolution Date; and
- (c) an amount equal to any outstanding Service Charge Amounts in respect of which an appropriate Supplementary Rental (as defined in the relevant Supplemental Lease Agreement) payment has not been made in accordance with the Master Lease Agreement and the relevant Supplemental Lease Agreement;

"Government Event" means:

- (a) the failure by the Government (acting in any capacity) to pay on the due date: (i) any amount in the nature of rental, profit or principal (or equivalent amount) payable by it pursuant to any Transaction Document to which it is a party and such failure to pay is not cured within, in the case of any amount in the nature of principal, seven days, and, in the case of any amount in the nature of rental or profit, 14 days, of the due date for payment; and/or (ii) any additional amounts payable by it under clause 10.1.2 of the Master Trust Deed;
- (b) the Government (acting in any capacity): (i) fails to perform or observe any one or more of its other obligations under any of the Transaction Documents to which it is a party (excluding, in connection with clause 10.1.1 of the Master Trust Deed, the obligations of the Servicing Agent under clause 5.1 of the Servicing Agency Agreement), which failure is, in the opinion of the Delegate, incapable of remedy or, if in the opinion of the

Delegate, is capable of remedy, is not remedied within 30 days following the service by the Delegate or any Certificateholder (in accordance with Condition 16.3) on the Government (acting in any capacity) of written notice requiring the same to be remedied; or (ii) rejects any Lease Renewal Notice delivered to it pursuant to clause 3.2 of the relevant Supplemental Lease Agreement;

- (c) (i) the holders of any Indebtedness of the Government accelerate such Indebtedness or declare such Indebtedness to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or (ii) the Government fails to pay in full any principal of, or interest on, any Indebtedness when due (after the expiry of any originally applicable grace period); or (ii) any guarantee of any Indebtedness given by the Government shall not be honoured when due and called upon; **provided that** the aggregate amount of the relevant Indebtedness or guarantee in respect of which one or more of the events mentioned above in this paragraph shall have occurred equals or exceeds U.S.\$50 million (or its equivalent in any other currency or currencies);
- (d) the Government declares (i) that it is unable to pay its debts as they fall due or (ii) enters into any arrangement or composition with or for the benefit of its creditors or declares or imposes a moratorium on the payment of Indebtedness of, or assumed or guaranteed by, it;
- (e) for any reason whatsoever (including any governmental order, decree or enactment made by the Government), it will become unlawful for the Government to perform, comply with or observe, or the Government is prevented from performing, complying with or observing, all or any of its obligations under the Transaction Documents or any such obligation shall be or become unenforceable or invalid, or pursuant to any law or regulation in the Sultanate of Oman, which change or amendment takes place after 16 May 2017, or pursuant to any declaration by a court of competent jurisdiction or any ruling of any court in the Sultanate of Oman, in each case whose decision is final and unappealable, any such obligation is no longer or shall no longer be legal, valid and binding or enforceable against the Government; or
- (f) the Government or any of its authorised Agencies or officials (acting on its behalf) repudiates or contests the validity of its obligations under the Transaction Documents;

"Indebtedness" means any and all present and future obligations, and guarantees or indemnities (whether incurred as principal or surety and including, for the avoidance of doubt, any such indebtedness which is (or is intended to be) in compliance with the principles of *Shari'a*) in respect of obligations, for monies borrowed or raised (whether or not evidenced by bonds, debentures, notes or other similar instruments);

"Insurances" means the insurances in respect of the Lease Asset(s), as provided for in the Servicing Agency Agreement;

"ISDA Definitions" has the meaning given in Condition 8.3;

"ISDA Rate" has the meaning given in Condition 8.3;

"Lease Asset(s)" has the meaning given to it in the Lease Agreement;

"Liability" means any loss, damage, cost, fee, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal or other fees and expenses on a full indemnity basis;

"Lien" has the meaning given in Condition 4.2;

"Members" has the meaning given to it in Condition 21(d);

"Multiple Series Single Limb Extraordinary Resolution" has the meaning given in Condition 19(c)(ii);

"Multiple Series Single Limb Written Resolution" has the meaning given in Condition 19(c)(iii);

"Multiple Series Two Limb Extraordinary Resolution" has the meaning given in Condition 19(d)(ii);

"Multiple Series Two Limb Written Resolution" has the meaning given in Condition 19(d)(iii);

"nominee" shall have the meaning given to it in Condition 2.1;

"Optional Dissolution Amount (Call)" has the meaning given to it in Condition 11.2;

"Optional Dissolution Amount (Put)" has the meaning given to it in Condition 11.4;

"Optional Dissolution Call Right" means the right exercisable by the Trustee at the request of the Government pursuant to Condition 11.2;

"Optional Dissolution Date" means the date on which Trust Certificates are to be redeemed in accordance with Condition 11.2, as specified in the relevant Exercise Notice;

"Payment Business Day" means:

- (a) a day on which banks in the relevant place of surrender (as required) of the definitive Trust Certificate are open for payment of registered securities and for dealings in foreign currencies; and
- (b) in the case of payment by transfer to an account:
 - (i) if the currency of payment is euro, a TARGET2 Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
 - (ii) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Additional Financial Centre;

"Periodic Distribution Amount" means, in relation to a Trust Certificate and a Return Accumulation Period, the amount of profit payable in respect of that Trust Certificate for that Return Accumulation Period which amount may be a Fixed Amount, a Broken Amount or an amount otherwise calculated in accordance with Condition 7 or 8 (as the case may be);

"Periodic Distribution Date" has the meaning given in Condition 8.2;

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

"Potential Dissolution Event" means any event which, with the giving of notice, lapse of time, determination of materiality or fulfilment of any other applicable condition (or any combination of the foregoing), would constitute a Dissolution Event;

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

"QP" means qualified purchaser within the meaning of the United States Investment Company Act 1940, as amended;

"Rate" means the rate or rates specified in the applicable Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the applicable Final Terms;

"Record Date" (a) means: (i) in respect of a Global Trust Certificate, at the close of the business day (being for this purpose a day on which Euroclear, Clearstream, Luxembourg and/or DTC (as applicable) are open for business) before the relevant Periodic Distribution Date or the relevant

Dissolution Date, as the case may be, and (ii) in respect of Trust Certificates in definitive form, the date falling on the seventh day before the relevant Periodic Distribution Date or the Dissolution Date, as the case may be, and (b) in the case of meetings of Certificateholders (as provided in Condition 19), has the meaning given to it in Condition 19(a)(vi);

"Reference Banks" means the principal London office of four major banks engaged in the London or Eurozone inter-bank market (as the case may be) selected by the Calculation Agent or as specified hereon;

"Reference Rate" means one of the following benchmark rates (specified in the applicable Final Terms) in respect of the Specified Currency and period specified in the applicable Final Terms:

- (a) LIBOR;
- (b) EURIBOR;
- (c) KIBOR;
- (d) SHIBOR;
- (e) HIBOR;
- (f) KLIBOR;
- (g) TRLIBOR or TRYLIBOR;
- (h) SIBOR;
- (i) EIBOR;
- (j) TIBOR; and
- (k) SAIBOR;

"Register" has the meaning given in Condition 2.2;

"Regulation S" means Regulation S under the Securities Act;

"Relevant Date" means, in relation to any payment, the date on which the payment in question first becomes due or if the full amount payable has not been received in the principal financial centre of the currency of payment by the Principal Paying Agent on or prior to such due date, the date on which the full amount has been so received or (if earlier) the date seven days after that on which notice is duly given to Certificateholders in accordance with Condition 18 that, upon further presentation or surrender, as applicable, of the Trust Certificate being made in accordance with these Conditions, such payment will be made, **provided that** payment is in fact made upon such presentation or surrender, as applicable;

"Relevant Indebtedness" means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities (including *Shari'a*-compliant certificates) 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 Jurisdiction" means the Sultanate of Oman or any political subdivision or authority thereof or therein having the power to tax;

"Relevant Screen Page" means the page, section or other part of a particular information service specified as the Relevant Screen Page in the applicable Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"Rentals" has the meaning given to it in the relevant Supplemental Lease Agreement;

"Reserved Matter" has the meaning given in Condition 19(e);

"Restricted Global Trust Certificate" means the Trust Certificates of each Series sold to QIBs who are also QPs in reliance on Rule 144A in registered form;

"Return Accumulation Commencement Date" means the Issue Date or such other date as specified in the applicable Final Terms;

"Return Accumulation Period" means the period from (and including) a Periodic Distribution Date (or the Return Accumulation Commencement Date) to (but excluding) the next (or first) Periodic Distribution Date;

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

"Rules" has the meaning given in Condition 26.2;

"Scheduled Dissolution Date" means the date on which Trust Certificates are to be redeemed in accordance with Condition 11.1;

"Securities Act" means the United States Securities Act of 1933;

"Securities Capable of Aggregation" has the meaning given in Condition 19(a)(x);

"Service Charge Amounts" means the amount of any claims, losses, costs and expenses properly incurred or suffered by the Servicing Agent or other payments made by the Servicing Agent on behalf of the Trustee (in its capacity as lessor), in each case in providing the services to be undertaken by it under the Servicing Agency Agreement;

"Single Series Extraordinary Resolution" has the meaning given in Condition 19(b)(ii);

"Single Series Written Resolution" has the meaning given in Condition 19(b)(iii);

"Specified Currency" means the currency specified as such in the applicable Final Terms or, if none is specified, the currency in which the Trust Certificates are denominated;

"Stock Exchange" means, in relation to the Trust Certificates, the stock exchange or exchanges (if any) on which the Trust Certificates are for the time being quoted or listed;

"TARGET2 Settlement Day" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open;

"Taxes" means any present or future tax, levy, impost, duty, fee, assessment or other charge or withholding of whatever nature, and all additional amounts, penalties or similar liabilities with respect thereto;

"Total Loss Dissolution Date" has the meaning given to it in Condition 11.3;

"Total Loss Event" has the meaning given to it in Condition 11.3;

"Total Loss Shortfall Amount" has the meaning given to it in Condition 11.3;

"Transaction Account" means the account in the Trustee's name, details of which are specified in the applicable Final Terms;

"Trust Assets" means the assets, rights and/or cash described in Condition 5.1;

"Uniformly Applicable" has the meaning given in Condition 19(c)(v);

"Unrestricted Global Trust Certificate" means the Trust Certificates of each Series offered and sold in reliance on Regulation S, which will be sold to Persons who are not U.S. persons (as defined in Regulation S) outside the United States, in registered form; and

"Written Resolution" has the meaning given in Condition 19(a)(viii).

1.2 ***Interpretation***

In these Conditions:

- (a) any reference to face amount shall be deemed to include any Dissolution Amount and any other amount in the nature of face amounts payable pursuant to these Conditions;
- (b) any reference to Periodic Distribution Amounts shall be deemed to include any additional amounts in respect of profit distributions which may be payable under Conditions 11 and 13 and any other amount in the nature of a profit distribution payable pursuant to these Conditions;
- (c) references to Trust Certificates being "outstanding" shall be construed in accordance with the Master Trust Deed; and
- (d) any reference to a Transaction Document shall be construed as a reference to that Transaction Document as amended and/or supplemented up to and including the Issue Date.

2. **Form, Denomination and Title**

2.1 ***Form and Denomination***

The Trust Certificates are issued in registered form in the Specified Denominations and, in the case of Trust Certificates in definitive form, are serially numbered.

Upon issue, the Trust Certificates will be represented by Global Trust Certificates which will be registered in the name of nominees for Euroclear, Clearstream, Luxembourg and/or DTC (as applicable). Trust Certificates sold to QIBs who are also QPs in the United States in reliance on Rule 144A under the Securities Act will be represented by a Restricted Global Trust Certificate. Trust Certificates sold to investors outside the United States in reliance on Regulation S under the Securities Act will be represented by an Unrestricted Global Trust Certificate.

For so long as any of the Trust Certificates is represented by a Global Trust Certificate held on behalf of Euroclear, Clearstream, Luxembourg and/or DTC (as applicable), each Person (other than Euroclear, Clearstream, Luxembourg or DTC (as applicable)) who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg or DTC (as applicable) as the holder of a particular face amount of such Trust Certificates (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or DTC (as applicable) as to the face amount of such Trust Certificates standing to the account of any Person shall be conclusive and binding for all purposes save in the case of manifest error or proven error) shall be treated by the Trustee, the Delegate, the Government and the Agents as the holder of such face amount of such Trust Certificates for all purposes other than with respect to payment in respect of such Trust Certificates, for which purpose the registered holder (the "**nominee**") of the Global Trust Certificate shall be treated by the Trustee, the Delegate, the Government and any Agent as the holder of such face amount of such Trust Certificates in accordance with and subject to the terms of the relevant Global Trust Certificate, and the expressions "**Certificateholder**" and "**holder**" in relation to any Trust Certificates and related expressions shall be construed accordingly. Each Certificateholder must look solely to Euroclear, Clearstream Luxembourg or DTC, as the case may be, for its share of each payment made to the nominee.

Trust Certificates which are represented by a Global Trust Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, and/or DTC (as applicable).

References to Euroclear, Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified Part B of the applicable Final Terms.

2.2 **Register**

The Registrar will maintain a register (the "**Register**") of Certificateholders in respect of the Trust Certificates in accordance with the provisions of the Agency Agreement. In the case of Trust Certificates in definitive form, a definitive Trust Certificate will be issued to each Certificateholder in respect of its registered holding of Trust Certificates.

2.3 **Title**

The Trustee, the Delegate, the Government and the Agents may (to the fullest extent permitted by applicable laws) deem and treat the Person in whose name any outstanding Trust Certificate is for the time being registered (as set out in the Register) as the holder of such Trust Certificate or of a particular face amount of the Trust Certificates for all purposes (whether or not such Trust Certificate or face amount shall be overdue and notwithstanding any notice of ownership thereof or of trust or other interest with regard thereto, and any notice of loss or theft or any writing thereon), and the Trustee, the Delegate, the Government and the Agents shall not be affected by any notice to the contrary.

All payments made to such registered holder shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for monies payable in respect of such Trust Certificate or face amount.

3. **Transfers of Trust Certificates**

3.1 ***Transfers of beneficial interests in the Global Trust Certificate***

Transfers of beneficial interests in the Global Trust Certificate will be effected by Euroclear, Clearstream, Luxembourg or DTC (as applicable), and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. An interest in the Global Trust Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Trust Certificates in definitive form only in the Specified Denomination or integral multiples thereof and only in accordance with the rules and operating procedures for the time being of Euroclear, Clearstream, Luxembourg or DTC (as applicable) and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

3.2 ***Transfers of Trust Certificates in Definitive Form***

(a) ***Transfer***

Subject to this Condition 3.2 and Conditions 3.3 and 3.4, a definitive Trust Certificate may be transferred in whole or in an amount equal to the Specified Denomination or any integral multiple thereof by depositing the definitive Trust Certificate, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar.

(b) ***Delivery of new definitive Trust Certificates***

Each new definitive Trust Certificate to be issued upon transfer of definitive Trust Certificates will, within five business days of receipt by the Registrar of the duly completed form of transfer endorsed on the relevant definitive Trust Certificate, be mailed by uninsured mail at the risk of the holder entitled to the definitive Trust Certificate to the address specified in the form of transfer. For the purposes of this Condition, "**business day**" shall mean a day on which banks are open for business in the city in which the specified office of the Registrar is located.

Where some but not all of the Trust Certificates in respect of which a definitive Trust Certificate is issued are to be transferred, a new definitive Trust Certificate in respect of the Trust Certificates not so transferred will, within five business days of receipt by the Registrar of the original definitive Trust Certificate, be mailed by uninsured mail at the risk of the holder of the Trust Certificates not so transferred to the address of such holder appearing on the Register or as specified in the form of transfer.

(c) **Regulations**

All transfers of definitive Trust Certificates and entries on the Register will be made subject to the detailed regulations concerning the transfer of Trust Certificates scheduled to the Master Trust Deed. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Certificateholder who requests one. Notwithstanding the above, the Trustee may from time to time agree with the Registrar reasonable regulations to govern the transfer and registration of definitive Trust Certificates.

3.3 **Closed periods**

No Certificateholder may require the transfer of a definitive Trust Certificate to be registered during the period of 15 days ending on a Periodic Distribution Date or a Dissolution Date or any other date on which any payment of the face amount or payment of any profit in respect of a Trust Certificate falls due.

3.4 **Formalities free of charge**

Transfers of Trust Certificates on registration or exercise of an early dissolution right will be effected without charge by or on behalf of the Trustee, the Registrar or the Transfer Agent, but upon payment (or the giving of such indemnity as the Trustee, the Registrar and/or the Transfer Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

3.5 **Compulsory Sale**

If at any time a beneficial owner of an interest in a Restricted Global Trust Certificate is a U.S. person within the meaning of Regulation S that is not a QIB and a QP, the Trustee may: (a) compel such beneficial owner to sell its interest in such Restricted Global Trust Certificate to a person who is: (i) a U.S. person who is a QIB and a QP that is otherwise qualified to purchase the Trust Certificates represented hereby in a transaction exempt from registration under the Securities Act; or (ii) not a U.S. person within the meaning of Regulation S; or (b) compel the beneficial owner to sell its interest in the Restricted Global Trust Certificates to the Trustee or an affiliate of the Trustee or transfer its interest in such Restricted Global Trust Certificates to a Person designated by or acceptable to the Trustee at a price equal to the lesser of (x) the purchase price paid by the beneficial owner, (y) 100 per cent. of the face amount of the beneficial owner's interest in the Restricted Global Trust Certificate and (z) the fair market value of such interest in the Restricted Global Trust Certificate. The Trustee has the right to refuse to honour a transfer of an interest in the Restricted Global Trust Certificates to a U.S. person who is not a QIB and a QP.

3.6 **Regulations**

All transfers of definitive Trust Certificates and entries on the Register will be made subject to the detailed regulations concerning the transfer of Trust Certificates scheduled to the Master Trust Deed. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Certificateholder who requests one. Notwithstanding the above, the Trustee may from time to time agree with the Registrar reasonable regulations to govern the transfer and registration of definitive Trust Certificates.

4. **Status and Limited Recourse**

4.1 **Status**

Each Trust Certificate evidences an undivided ownership interest in the Trust Assets subject to the terms of the Trust Deed and these Conditions and is a limited recourse obligation of the Trustee. Each Trust Certificate ranks *pari passu*, without any preference or priority, with all other Trust Certificates.

The payment obligations of the Government (acting in all its capacities) under the Transaction Documents are direct, unconditional and (subject to the negative pledge provisions described in Condition 4.2) unsecured obligations of the Government and rank and (subject to the negative pledge provisions described in Condition 4.2) will rank *pari passu*, without any preference

among themselves, with all Relevant Indebtedness of the Government, from time to time outstanding, **provided, further, that** the Government shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other Relevant Indebtedness and, in particular, shall have no obligation to pay other Relevant Indebtedness at the same time or as a condition of paying sums due on the Trust Certificates and *vice versa*.

4.2 ***Negative Pledge***

The Purchase Undertaking provides that so long as any Trust Certificate remains outstanding (as defined in the Master Trust Deed), the Government (acting in any capacity) will not and will ensure that no Agency will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest (any of the foregoing, a "**Lien**"), upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to its obligations under the Transaction Documents the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution; **provided, however, that** the foregoing shall not apply to any Lien solely incurred for the purpose of financing all or a part of the costs of the acquisition, construction or development of a project, **provided that** the property over which such Lien is granted consists solely of the assets and revenues of such project (including, without limitation, royalties and other similar payments accruing to the Government and/or such Agency (as applicable) generated by the relevant project).

4.3 ***Limited Recourse***

Proceeds of the Trust Assets are the sole source of payments on the Trust Certificates. Save as provided in this Condition 4.3, the Trust Certificates do not represent an interest in any of Trustee, the Delegate, the Government, any of the Agents or any of their respective affiliates.

The Government is obliged to make payments under the relevant Transaction Documents to which it is a party directly to the Trustee and the Delegate, for and on behalf of the Certificateholders, and the Trustee and the Delegate (as well as the Certificateholders in the circumstances described in Condition 16.3 only) will have direct recourse against the Government to recover payments due to the Trustee or the Delegate from the Government pursuant to such Transaction Documents (such payments forming part of the Trust Assets) notwithstanding any other provisions of these Conditions. Such right of the Trustee and the Delegate shall (subject to the negative pledge provisions described in Condition 4.2) constitute an unsecured claim against the Government. None of the Certificateholders, the Trustee or the Delegate shall be entitled to claim any priority right in respect of any specific assets of the Government in connection with the enforcement of any such claim.

The net proceeds of the realisation of, or enforcement with respect to, the Trust Assets may not be sufficient to make all payments due in respect of the Trust Certificates.

4.4 ***Agreement of Certificateholders***

By subscribing for or acquiring the Trust Certificates, each Certificateholder acknowledges and agrees that notwithstanding anything to the contrary contained herein or in any other Transaction Document:

- (a) no payment of any amount whatsoever shall be made by the Trustee (acting in any capacity) or any of its agents on its behalf except to the extent funds are available therefor from the Trust Assets and further agrees that no recourse shall be had for the payment of any amount owing hereunder or under any Transaction Document, whether for the payment of any fee or other amount hereunder or any other obligation or claim arising out of or based upon any Transaction Document, against the Trustee to the extent the Trust Assets have been exhausted following which all unsatisfied claims against the Trustee shall be extinguished;
- (b) if the proceeds of the relevant Trust Assets are insufficient to make all payments due in respect of the Trust Certificates, subject to Condition 16.3, Certificateholders will have

no recourse to any assets of the Trustee (and/or its directors, officers, shareholders or corporate services providers in their capacity as such) (other than the relevant Trust Assets in the manner and to the extent contemplated in these Conditions and the Transaction Documents), or the Delegate, the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates, in respect of any shortfall or otherwise;

- (c) it will not institute against, or join with any other Person in instituting against, the Trustee any bankruptcy, arrangement, reorganisation, administration or liquidation proceedings or other proceedings under any bankruptcy or similar law in any jurisdiction;
- (d) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Trustee arising under or in connection with these Conditions by virtue of any law, statute or otherwise shall be had against any shareholder, officer or director of the Trustee, in their capacity as such and any and all personal Liability of every such shareholder, officer or director in their capacity as such for any breaches by the Trustee of any such duty, obligation or undertaking is hereby expressly waived and excluded to the extent permitted by law save in the case of the relevant party's actual fraud; and
- (e) neither the Government nor the Certificateholders shall be entitled to claim or exercise any right of set-off or counterclaim in respect of any sums due under these Conditions or any part thereof with respect to any liability owed by it to the Trustee or claim any lien or other rights over any property held by it on behalf of the Trustee.

5. **The Trust**

5.1 ***Trust Assets***

The Trust Assets will comprise:

- (a) the cash proceeds of the Trust Certificates, pending application thereof in accordance with the terms of the Transaction Documents;
- (b) the rights, title and interest, present and future, of the Trustee in, to and under the Lease Asset(s);
- (c) the rights, title, interest and benefit, present and future, of the Trustee in, to and under the Transaction Documents;
- (d) all monies standing to the credit of the Transaction Account from time to time; and
- (e) all proceeds of the foregoing.

5.2 ***Application of Proceeds from the Trust Assets***

Pursuant to the Trust Deed, the Trustee holds the Trust Assets on trust absolutely for and on behalf of the Certificateholders. On each Periodic Distribution Date, or on any Dissolution Date, the Principal Paying Agent, notwithstanding any instructions to the contrary from the Trustee, will apply the monies standing to the credit of the Transaction Account in the following order of priority:

- (a) *first*, (to the extent not previously paid) to the Delegate in respect of all amounts owing to it under the Transaction Documents in its capacity as Delegate;
- (b) *secondly*, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due and unpaid;
- (c) *thirdly*, only if such payment is made on any Dissolution Date, to the Principal Paying Agent in or towards payment *pari passu* and rateably of the Dissolution Amount;

- (d) *fourthly*, only if such payment is made on any Dissolution Date on which all the Trust Certificates of the relevant Series are redeemed in full, to the Servicing Agent in or towards payment of all outstanding Service Charge Amounts (if any); and
- (e) *fifthly*, only if such payment is made on any Dissolution Date on which all the Trust Certificates of the relevant Series are redeemed in full, to the Government.

6. Covenants

6.1 Subject to Conditions 6.2 and 6.3, the Trustee covenants that for so long as any Trust Certificate is outstanding, it will not (without the prior written consent of the Delegate and as provided in Condition 19):

- (a) incur any indebtedness in respect of borrowed money whatsoever, or give any guarantee or indemnity in respect of any obligation of any Person or issue any shares (or securities convertible into or exchangeable for shares) except, in all cases, as contemplated in the Transaction Documents;
- (b) grant or permit to be outstanding any Lien upon any of its present or future assets, properties or revenues (other than those arising by operation of law);
- (c) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by Lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise or permit such to occur or suffer such to exist), any part of its interest in any of the Trust Assets except pursuant to any Transaction Document;
- (d) use the proceeds of the issue of the Trust Certificates for any purpose other than as stated in the Transaction Documents;
- (e) amend or agree to any amendment of any Transaction Document to which it is a party or its constitutional documents (except in relation to any increase in the aggregate face amount of the Programme);
- (f) have any subsidiaries or employees;
- (g) redeem or purchase any of its shares or pay any dividend or make any other distribution to its shareholders (excluding, for the avoidance of doubt, any consideration payable by the Trustee (acting in any capacity) to the Government (acting in any capacity) as contemplated by the Transaction Documents or these Conditions);
- (h) put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding up, dissolution or liquidation or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; and
- (i) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or any permitted amendment or supplement thereto or as expressly permitted or required thereunder or engage in any business or activity other than:
 - (i) any such contract, transaction, amendment, obligation or liability in relation to its operations that is of a routine or administrative nature;
 - (ii) as provided for or permitted in the Transaction Documents;
 - (iii) the ownership, management and disposal of Trust Assets as provided in the Transaction Documents; and
 - (iv) such other matters which are incidental thereto.

6.2 Nothing in sub-paragraphs (a) and (i) of Condition 6.1 above shall prevent the Trustee from issuing (or entering into any transaction for the purpose of issuing or entering into any contract in relation thereto or performing any of its obligations thereunder) any sukuk, certificates or other securities intended to be issued in compliance with the principles of *Shari'a* **provided that:** (a) such securities 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; (b) in respect of such securities, the obligations of the Government to the Trustee shall rank at least *pari passu* with the obligations of the Government to the Trustee in respect of the Trust Certificates; and (c) the obligations of the Trustee in respect of such securities shall rank *pari passu* with the Trust Certificates.

6.3 Nothing in these Conditions shall prevent the Trustee from taking any action required to comply with applicable laws, rules and regulations applicable in the Sultanate of Oman.

7. **Fixed Periodic Distribution Provisions**

7.1 ***Application***

This Condition 7 is applicable to the Trust Certificates only if the Fixed Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable.

7.2 ***Periodic Distribution Amount***

A Periodic Distribution Amount for the Trust Certificates will be payable in respect of the Trust Certificates and will be distributable by the Trustee to the Certificateholders, *pro rata* to their respective holdings, in accordance with these Conditions.

7.3 ***Determination of Periodic Distribution Amount***

Except as provided in the applicable Final Terms, the Periodic Distribution Amount payable in respect of each Trust Certificate in definitive form for any Return Accumulation Period shall be the Fixed Amount. Payments of Periodic Distribution Amount in respect of Trust Certificates in definitive form on any Periodic Distribution Date may, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

Except in the case of Trust Certificates in definitive form where a Fixed Amount or Broken Amount is specified in the applicable Final Terms, the Periodic Distribution Amount shall be calculated in respect of any period by applying the Rate applicable to the relevant Return Accumulation Period to:

- (a) in the case of Trust Certificates which are represented by a Global Trust Certificate, the aggregate outstanding face amount of the Trust Certificates represented by such Global Trust Certificate; or
- (b) in the case of Trust Certificates in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Trust Certificate in definitive form is a multiple of the Calculation Amount, the Periodic Distribution Amount payable in respect of such Trust Certificate shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"Day Count Fraction" means, in respect of the calculation of Periodic Distribution Amount in accordance with this Condition 7.3:

- (a) if **"Actual/Actual (ICMA)"** is specified in the applicable Final Terms:
 - (i) in the case of Trust Certificates where the number of days in the relevant period from (and including) the most recent Periodic Distribution Date (or, if none, the

Return Accumulation Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

- (ii) in the case of Trust Certificates where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (b) if "**30/360**" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Periodic Distribution Date (or, if none, the Return Accumulation Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

"Determination Period" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Return Accumulation Commencement Date or the final Periodic Distribution Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"sub-unit" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

7.4 ***Payment in Arrear***

Subject to Conditions 7.5, Condition 11.2 to 11.5 and 15, and unless otherwise specified in the applicable Final Terms, each Periodic Distribution Amount will be paid in respect of the relevant Trust Certificates in arrear on each Periodic Distribution Date in respect of the Return Accumulation Period ending immediately before that Periodic Distribution Date.

7.5 ***Cessation of Profit Entitlement***

No further amounts will be payable on any Trust Certificate from and including (a) the Dissolution Date (excluding a Total Loss Dissolution Date), unless default is made in the payment of the Dissolution Amount in which case Periodic Distribution Amounts will continue to accrue in respect of the Trust Certificates in the manner provided in this Condition 7.5 to the earlier of (i) the Relevant Date or (ii) the date on which a sale agreement is executed pursuant to the Sale and Substitution Undertaking or the Purchase Undertaking, as the case may be; and (b) save as described in Condition 11.3, the date on which a Total Loss Event occurs.

8. **Floating Periodic Distribution Provisions**

8.1 ***Application***

This Condition 8 is applicable to the Trust Certificates only if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable.

8.2 **Periodic Distribution Amounts**

Periodic Distribution Amounts for the Trust Certificates will be payable in respect of the Trust Certificates and will be distributable by the Trustee to the Certificateholders in accordance with these Conditions. Such Periodic Distribution Amounts will be payable, *pro rata* to their respective holdings, in arrear on either:

- (a) the Specified Periodic Distribution Date(s) in each year specified in the applicable Final Terms; or
- (b) if no Specified Periodic Distribution Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Periodic Distribution Date, a "**Periodic Distribution Date**") which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Periodic Distribution Date or, in the case of the first Periodic Distribution Date, after the Return Accumulation Commencement Date.

Such Periodic Distribution Amounts will be payable in respect of each Return Accumulation Period ending immediately before the relevant Periodic Distribution Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which a Periodic Distribution Date should occur or (y) if any Periodic Distribution Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 8.2(b), the Floating Rate Convention, such Periodic Distribution Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Periodic Distribution Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Periodic Distribution Date occurred; or
- (B) the Following Business Day Convention, such Periodic Distribution Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Periodic Distribution Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, "**Business Day**" means a day which is:

- (a) a day on which commercial banks and foreign exchange markets are open for general business (including dealing in foreign exchange and foreign currency deposits) and settle payments in the Specified Currency in the Additional Business Centre(s) or, if no Specified Currency is indicated, generally in each Additional Business Centre specified in the applicable Final Terms; or
- (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the Additional Business Centre) or (ii) in relation to any sum payable in euro, a TARGET2 Settlement Day.

8.3 **ISDA Determination**

If ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate(s) is/are to be determined, the Rate applicable to the Trust Certificates for each Return Accumulation Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this Clause 8.3, **"ISDA Rate"** for a Return Accumulation 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 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Trust Certificates (the **"ISDA Definitions"**) and under which:

- (a) the Floating Rate Option is as specified in the applicable Final Terms;
- (b) the Designated Maturity is a period specified in the applicable Final Terms; and
- (c) the relevant Reset Date is the first day of the relevant Return Accumulation Period unless otherwise specified in the applicable Final Terms.

For the purposes of this Clause 8.3, **"Floating Rate"**, **"Calculation Agent"**, **"Floating Rate Option"**, **"Designated Maturity"** and **"Reset Date"** have the meanings given to those terms in the ISDA Definitions.

8.4 **Screen Rate Determination**

- (a) If Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) is/are to be determined, the Rate applicable to the Trust Certificates for each Return Accumulation Period will, subject as provided below, be either:

- (i) the offered quotation; or
 - (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) 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 at the Relevant Time on the Periodic Distribution Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all 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 highest quotation, one only of those quotations) and the lowest (or, if there is more than one lowest quotation, one only of those quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of the offered quotations.

- (b) If the Relevant Screen Page is not available or if, in the case of Condition 8.4(a)(i), no offered quotation appears or, in the case of Condition 8.4(a)(ii), fewer than three offered quotations appear, in each case as at the Relevant Time, the Calculation Agent shall request 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 Relevant Time on the Periodic Distribution Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate for such Return Accumulation Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.
 - (c) If on any Periodic Distribution Determination Date one only or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in Condition 8.4(b), the Rate for such Return Accumulation Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, 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 Relevant Time on the relevant Periodic Distribution 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 the inter-bank market that is most closely connected with the Reference Rate plus or minus (as appropriate) the Margin (if any) 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 (rounded as provided above) 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 which, at approximately the Relevant Time on the relevant Periodic Distribution Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Government suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the inter-bank market that is most closely connected with the Reference Rate plus or minus (as appropriate) the Margin (if any), **provided that**, if the Rate for such Return Accumulation Period cannot be determined in accordance with the foregoing provisions of this 8.4(c), the Rate for such Return Accumulation Period shall be determined as at the last preceding Periodic Distribution Determination Date (though substituting, where a different Margin is to be applied to the relevant Return Accumulation Period from that which applied to the last preceding Return Accumulation Period, the Margin relating to the relevant Return Accumulation Period in place of the Margin relating to that last preceding Return Accumulation Period).

8.5 ***Linear Interpolation***

Where Linear Interpolation is specified as applicable in respect of a Return Accumulation Period in the applicable Final Terms, the Rate for such Return Accumulation 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 as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), 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 Return Accumulation Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Return Accumulation Period **provided however that** if there is no rate available for a 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: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate; and (b) in relation to ISDA Determination, the Designated Maturity (as defined in Condition 8.3).

8.6 ***Cessation of Profit Entitlement***

No further amounts will be payable on any Trust Certificate from and including: (a) the Dissolution Date (excluding a Total Loss Dissolution Date), unless default is made in the payment of the Dissolution Amount in which case Periodic Distribution Amounts will continue to accrue in respect of the Trust Certificates in the manner provided in this Condition to the earlier of (i) the Relevant Date; or (ii) the date on which a sale agreement is executed pursuant to the Sale and Substitution Undertaking or the Purchase Undertaking, as the case may be; and (b) save as described in Condition 11.3, the date on which a Total Loss Event occurs.

8.7 ***Calculation of Periodic Distribution Amount***

The Calculation Agent will, as soon as practicable after the time at which the Rate is to be determined in relation to each Return Accumulation Period, calculate the Periodic Distribution Amount payable in respect of each Trust Certificate for such Return Accumulation Period. The Periodic Distribution Amount will be calculated by applying the Rate (subject to any Maximum Rate or Minimum Rate as specified in the applicable Final Terms) applicable to the relevant Return Accumulation Period to:

- (a) in the case of Trust Certificates which are represented by a Global Trust Certificate, the aggregate outstanding face amount of the Trust Certificates represented by such Global Trust Certificate; or
- (b) in the case of Trust Certificates in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Trust Certificate in definitive form is a multiple of the Calculation Amount, the Periodic Distribution Amount payable in respect of such Trust Certificate shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"Day Count Fraction" means, in respect of the calculation of a Periodic Distribution Amount in accordance with this Condition 8:

- (a) if **"Actual/Actual (ISDA)"** or **"Actual/Actual"** is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365 (or, if any portion of that Return Accumulation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Return Accumulation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Return Accumulation Period falling in a non-leap year divided by 365);
- (b) if **"Actual/365 (Fixed)"** is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365;
- (c) if **"Actual/365 (Sterling)"** is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365 or, in the case of a Periodic Distribution Date falling in a leap year, 366;
- (d) if **"Actual/360"** is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 360;
- (e) if **"30/360"** **"360/360"** or **"Bond Basis"** is specified in the applicable Final Terms, the number of days in the Return Accumulation Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Return Accumulation Period, unless such number is 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

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

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

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

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

- (g) if "**30E/360 (ISDA)**" is specified in the applicable Final Terms, the number of days in the Return Accumulation Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Return Accumulation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

- (h) if "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms:

- (i) in the case of Trust Certificates where the number of days in the relevant period from (and including) the most recent Periodic Distribution Date (or, if none, the Return Accumulation Commencement Date) to (but excluding) the relevant

payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

- (ii) in the case of Trust Certificates where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year.

8.8 ***Calculation Agent***

The Trustee 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 and for so long as any Trust Certificate is outstanding. Where more than one Calculation Agent is appointed in respect of the Trust Certificates, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate for a Return Accumulation Period or to calculate any Periodic Distribution Amount or Dissolution Amount, as the case may be, or to comply with any other requirement, the Trustee shall (with the prior written approval of the Delegate) appoint a leading bank or financial institution engaged in the inter-bank 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.

8.9 ***Publication***

The Calculation Agent will cause each Rate Periodic Distribution Amount and Dissolution Amount determined by it, together with the relevant Periodic Distribution Date and Dissolution Date, respectively, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Trustee, the Government, the Delegate, the Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Trust Certificates have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate, Periodic Distribution Amount and Periodic Distribution Date) in any event not later than the first day of the relevant Return Accumulation Period. Notice thereof shall also be given promptly to the Certificateholders in accordance with Condition 18. The Calculation Agent will be entitled to recalculate any Periodic Distribution Amount (on the basis of the foregoing provisions) without prior notice in the event of an extension or shortening of the relevant Return Accumulation Period. Any such amendment shall be notified promptly to any relevant stock exchange and/or quotation system, as the case may be, and to the Certificateholders in accordance with Condition 18.

8.10 ***Notifications, etc. to be final***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 8 by the Calculation Agent will (in the absence of wilful default, bad faith or manifest or proven error) be binding on the Trustee, the Delegate, the Principal Paying Agent and all Certificateholders (in the absence as referred to above). No Liability to the Trustee, the Delegate, the Government the Principal Paying Agent or the Certificateholders shall attach to the Calculation Agent in

connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 8 (save in the case of wilful default, bad faith or manifest or proven error).

9. **Payment**

Payment of Dissolution Amounts and Periodic Distribution Amounts will be made by transfer to the registered account (as defined below) of a Certificateholder. Payments of Dissolution Amounts (where all of the Trust Certificates of the relevant Series are to be redeemed in full) will only be made against surrender of the relevant Trust Certificate (or the Certificate representing such Trust Certificate) at the specified office of the Registrar or the Principal Paying Agent. Dissolution Amounts and Periodic Distribution Amounts will be paid to the Certificateholder shown on the Register at the close of business on the relevant Record Date.

For the purposes of this Condition 9, a Certificateholder's "**registered account**" means the account in the Specified Currency maintained by or on behalf of such Certificateholder with a bank that processes payments in the Specified Currency, details of which appear on the Register at the close of business on the relevant Record Date.

All such payments will be made subject to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions described in Condition 13. No commissions or expenses shall be charged to the Certificateholders in respect of such payments.

Payment instructions will be initiated on the Payment Business Day preceding the due date for payment or, in the case of a payment of face amounts (where all of the Trust Certificates of the relevant Series are to be redeemed in full) if later, on the Payment Business Day on which the relevant Trust Certificate is surrendered at the specified office of the Registrar or the Principal Paying Agent.

Certificateholders will not be entitled to any payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day, if the Certificateholder is late in surrendering its Trust Certificate (if required to do so in accordance with this Condition 9).

If the amount of any Dissolution Amount or Periodic Distribution Amount is not paid in full when due, the Registrar will annotate the Register with a record of the amount of such Dissolution Amount or Periodic Distribution Amount in fact paid.

10. **Agents**

10.1 ***Agents of Trustee***

In acting under the Agency Agreement and in connection with the Trust Certificates, the Agents act solely as agents of the Trustee and (to the extent provided therein) the Delegate and do not assume any obligations towards or relationship of agency or trust for or with any of the Certificateholders.

10.2 ***Specified Offices***

The names of the initial Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the Final Terms attached to or endorsed on this Trust Certificate. The Trustee reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents **provided, however, that:**

- (a) there will at all times be a Principal Paying Agent;
- (b) there will at all times be a Registrar;
- (c) if a Calculation Agent (other than the Principal Paying Agent) has been appointed in the applicable Final Terms, there will at all times be a Calculation Agent; and

- (d) so long as any Trust Certificates are admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, there will at all times be a Paying Agent, Registrar and a Transfer Agent having its specified office in such place (if any) as may be required by the rules of such listing authority, stock exchange and/or quotation system.

Notice of any variation, termination or appointment and of any changes in specified offices will be given to the Certificateholders promptly by the Trustee in accordance with Condition 18.

11. **Capital Distributions of Trust**

11.1 ***Scheduled Dissolution***

Unless the Trust Certificates are redeemed, purchased and/or cancelled earlier, each Trust Certificate will be redeemed on the Scheduled Dissolution Date at its Final Dissolution Amount, including all unpaid Periodic Distribution Amounts accrued (if any) to (but excluding the Scheduled Dissolution Date) payable. Upon payment in full of such amounts, the Trust will be dissolved, the Trust Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

11.2 ***Dissolution at the Option of the Government (Optional Dissolution Call Right)***

If the Optional Dissolution Call Right option is specified in the applicable Final Terms as being applicable, the Government may in its sole discretion deliver to the Trustee a duly completed Exercise Notice, subject to and in accordance with the provisions of the Sale and Substitution Undertaking and, on receipt of such notice, the Trustee shall redeem the Trust Certificates in whole but not in part on any Optional Dissolution Date at the relevant Optional Dissolution Amount (Call), including all unpaid Periodic Distribution Amounts (if any) accrued to (but excluding) the Optional Dissolution Date on the Trustee giving not less than 30 days' nor more than 60 days' notice to the Delegate and the Certificateholders (or such other notice period as may be specified hereon) in accordance with Condition 18 (which notice shall be irrevocable and shall oblige the Trustee to redeem the Trust Certificates on the relevant Optional Dissolution Date).

11.3 ***Dissolution following a Total Loss Event***

Upon the occurrence of a Total Loss Event (as defined below) and unless the Lease Asset(s) is/are replaced as provided in the Servicing Agency Agreement by no later than the 30th day after the occurrence of a Total Loss Event, the Trust Certificates will be redeemed and the Trust dissolved by no later than the close of business in London on the 31st day after the occurrence of the Total Loss Event (or, if such date is not a Payment Business Day, on the immediately following Payment Business Day) (the "**Total Loss Dissolution Date**"), following notification thereof to the Delegate and the Certificateholders in accordance with Condition 18. The Trust Certificates will be redeemed using the proceeds of: (a) the Insurances payable in respect of the Total Loss Event, which are required to be paid into the Transaction Account by no later than the 30th day after the occurrence of the Total Loss Event; and (b) if required, the Total Loss Shortfall Amount (as defined herein) which is required to be paid into the Transaction Account by no later than the close of business in London on the 30th day after the occurrence of the Total Loss Event.

A "**Total Loss Event**" is the total loss or destruction of, or damage to the whole of, the Lease Asset(s) or any event or occurrence that renders the whole of the Lease Asset(s) permanently unfit for any economic use and (but only after taking into consideration any insurances or other indemnity granted by any third party in respect of the Lease Asset(s)) the repair or remedial work in respect thereof is wholly uneconomical.

The Servicing Agency Agreement provides that if the obligations of the Servicing Agent thereunder are not strictly complied with and as a result any proceeds of Insurances paid into the Transaction Account are less than the Full Reinstatement Value (the difference between such amount and the amount (if any) paid into the Transaction Account being the "**Total Loss Shortfall Amount**"), the Servicing Agent shall be responsible for paying the Total Loss Shortfall

Amount into the Transaction Account by no later than close of business in London on the Total Loss Dissolution Date.

11.4 ***Dissolution at the Option of the Certificateholders***

If Certificateholder Put Right is specified in the applicable Final Terms as being applicable, upon the holder of any Trust Certificate giving to the Trustee in accordance with Condition 18 (with a copy to the Delegate) not less than 15 days' nor more than 30 days' notice (or such other notice period as may be specified hereon), the Trustee will, upon the expiry of such notice, redeem such Trust Certificate on the Certificateholder Put Right Date and at the Optional Dissolution Amount (Put) specified in, or determined in the manner specified in, the applicable Final Terms, including all unpaid Periodic Distribution Amounts (if any) accrued to (but excluding) the relevant Certificateholder Put Right Date. For the purposes thereof, the Trustee (or the Delegate (on behalf of the Trustee)) shall deliver to the Government a duly completed Exercise Notice (in the case of delivery by the Trustee, with a copy to the Delegate), subject to and in accordance with the provisions of the Purchase Undertaking. Trust Certificates may be redeemed or, as the case may be, purchased under this Condition 11.4 in any multiple of their lowest Specified Denomination.

To exercise the right to require redemption of any Trust Certificate pursuant to this Condition 11.4 the holder thereof must, if the Trust Certificate is in definitive form and held outside Euroclear, Clearstream, Luxembourg and DTC (as applicable), deliver, at the specified office of the Registrar at any time during normal business hours of such Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) set out in the Agency Agreement and obtainable from any specified office of the Registrar (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 11.4 and the aggregate face amount thereof to be redeemed and, if less than the full aggregate face amount of the Trust Certificates in definitive form so surrendered is to be redeemed, an address to which a new Trust Certificate in definitive form in respect of the balance of such Trust Certificates in definitive form is to be sent subject to and in accordance with the provisions of Condition 3.

If the relevant Trust Certificate is represented by a Global Trust Certificate and held through Euroclear, Clearstream, Luxembourg or DTC (as applicable), to exercise the right to require redemption thereof the holder of such Trust Certificate must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or DTC (as applicable) (which may include notice being given on such Certificateholder's instruction by Euroclear, Clearstream, Luxembourg, DTC or any depositary or custodian (as applicable) for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg and/or DTC (as applicable) from time to time and at the same time present or procure the presentation of the relevant Global Trust Certificate to the Principal Paying Agent for notation accordingly.

No Put Notice or other notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or DTC (as applicable) given by a holder of any Trust Certificate pursuant to this Condition 11.4 may be withdrawn without the prior consent of the Trustee except where, prior to the due date of redemption, a Dissolution Event has occurred and the Delegate has declared the Trust Certificates are to be redeemed pursuant to Condition 15, in which event such holder, at its option, may elect by notice to the Trustee to withdraw the notice given pursuant to this Condition 11.4.

11.5 ***Dissolution at the Option of the Government (Clean Up Call Right)***

If Clean Up Call Right is specified in the applicable Final Terms as being applicable and 75 per cent. or more of the aggregate face amount of the Trust Certificates then outstanding have been redeemed and/or purchased and cancelled pursuant to this Condition 11 or Condition 12, the Government may in its sole discretion deliver to the Trustee a duly completed Exercise Notice, subject to and in accordance with the provisions of the Sale and Substitution Undertaking, and, on receipt of such notice, the Trustee shall redeem the Trust Certificates in whole but not in part, on the Trustee giving not less than 30 days' nor more than 60 days' notice (or such other notice period as may be specified in the applicable Final Terms, such notice period being given within

30 days after the Certificateholder Put Right Date, if applicable) to the Delegate and the Certificateholders in accordance with Condition 18 (which notice shall be irrevocable and shall oblige the Trustee to redeem the Trust Certificates on the date specified in such notice (the "**Clean Up Call Right Dissolution Date**")), at the Clean Up Call Dissolution Amount specified in, or determined in the manner specified in, the applicable Final Terms, including all unpaid Periodic Distribution Amounts (if any) accrued to (but excluding) the Clean Up Call Right Dissolution Date.

11.6 ***Dissolution following a Dissolution Event***

Upon the occurrence of a Dissolution Event, the Trust Certificates may be redeemed at their Dissolution Event Amount specified in, or determined in the manner specified in, the applicable Final Terms, including all unpaid Periodic Distribution Amounts (if any) accrued to (but excluding) the Dissolution Event Redemption Date, subject to and as more particularly described in Condition 15 and this Condition 11.

11.7 ***No Other Optional Early Dissolution***

Neither the Trustee nor the Certificateholders shall be entitled to redeem, or cause to be redeemed, as applicable, the Trust Certificates, otherwise than as provided in this Condition 11 and Condition 15. Upon payment in full of all amounts due in respect of the Trust Certificates of any Series the Trustee shall be bound to dissolve the Trust and the Trust Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and neither the Government nor the Trustee shall have any further obligations in respect thereof.

11.8 ***Cancellation***

All Trust Certificates which are redeemed will forthwith be forwarded to the Registrar, cancelled and destroyed and accordingly may not be held, reissued or resold.

12. **Purchase and Cancellation of Trust Certificates**

12.1 ***Purchases***

The Trustee, the Government of the Sultanate of Oman, the Ministry of Finance and/or any other public sector instrumentality of the Government of the Sultanate of Oman (as defined in Condition 19(i)) may at any time purchase Trust Certificates at any price in the open market or otherwise at any price. Following any purchase of Trust Certificates pursuant to this Condition 12.1, such Trust Certificates may be held, resold or, at the discretion of the holder thereof, cancelled (subject to such Trust Certificates being deemed not to remain outstanding for certain purposes as provided under the Master Trust Deed and these Conditions if so held, as more particularly set out in Condition 19(i)).

12.2 ***Cancellation***

Should the Government wish to cancel any Trust Certificates purchased pursuant to Condition 12.1, it shall deliver a Cancellation Notice to the Trustee (in accordance with the Sale and Substitution Undertaking) whereupon the Trustee shall, in accordance with the terms of the Sale and Substitution Undertaking, be obliged to transfer all of the Trustee's rights, title and interests in, to and under the Cancelled Lease Asset(s) to the Government in consideration for which the Trust Certificates shall be cancelled. The transfer of the Cancelled Lease Asset(s) will take effect by the Government and the Trustee entering into a Sale Agreement (in the form scheduled to the Sale and Substitution Undertaking). Following the entry into such Sale Agreement, the Trustee shall forthwith surrender to the Registrar the relevant Trust Certificates identified for cancellation in the Cancellation Notice on the Cancellation Date and, upon surrender thereof, all such Trust Certificates shall be cancelled forthwith.

13. **Taxation**

All payments in respect of the Trust Certificates shall be made in the Specified Currency without set-off or counterclaim of any kind and free and clear of, and without withholding or deduction

for, any Taxes of whatever nature imposed, levied, collected, withheld or assessed by or within the Relevant Jurisdiction or any authority therein or thereof having power to tax, unless the withholding or deduction is required by law. In that event, the Trustee shall pay such additional amounts as will result in receipt by the Certificateholders of such amounts as would have been received by them, had no such withholding or deduction been required, except that no such additional amount shall be payable in respect of any Trust Certificate:

- (a) held by or on behalf of a holder who is liable for such Taxes in respect of such Trust Certificate by reason of having some connection with the Relevant Jurisdiction other than the mere holding of the Trust Certificate; or
- (b) where the relevant Trust Certificate is required to be surrendered for payment and is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Certificateholder would have been entitled to such additional amount if it surrendered
- (c) the relevant Trust Certificate for payment on the last day of such period of 30 days.

14. **Prescription**

The rights to receive distributions in respect of the Trust Certificates will be forfeited unless claimed within periods of 10 years (in the case of Dissolution Amounts) and five years (in the case of Periodic Distribution Amounts) from the Relevant Date in respect thereof.

15. **Dissolution Events**

If any of the following events occurs and is continuing (each, a "**Dissolution Event**"):

- (a) default is made in the payment of the Dissolution Amount on the date fixed for payment thereof, or default is made in the payment of any Periodic Distribution Amount on the due date for payment thereof, and the default continues for a period of at least seven days in the case of the relevant Dissolution Amount or for a period of at least 14 days in the case of any Periodic Distribution Amount; or
- (b) the Trustee fails duly to perform or observe any one or more of the obligations expressed to be assumed by it in the Transaction Documents to which it is a party and/or these Conditions, which failure is, in the opinion of the Delegate, incapable of remedy or, if in the opinion of the Delegate is capable of remedy, is not remedied within the period of 30 days after written notice of such failure shall have been given by the Delegate to the Trustee requiring the same to be remedied; or
- (c) a Government Event occurs; or
- (d) (i) the Trustee becomes insolvent, bankrupt or is unable to pay its debts as they fall due; (ii) an administrator, liquidator or similar official of the Trustee is appointed (or application for any such appointment is made) with respect to the whole or a substantial part of the undertaking, assets and revenues of the Trustee; (iii) the Trustee takes any action for a general readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it; or (iv) the Trustee ceases or threatens to cease to carry on all or a substantial part of its business (otherwise than for the purposes of or pursuant to an amalgamation, merger, reorganisation or restructuring whilst solvent); or
- (e) an order is made or an effective resolution is passed for the winding up, dissolution or liquidation of the Trustee; or
- (f) the Trustee repudiates or contests the validity of any Trust Certificate or Transaction Document; or
- (g) for any reason whatsoever (including any governmental order, decree or enactment), it shall become unlawful for the Trustee to, or the Trustee is prevented from, performing,

complying with or observing all or any of its obligations under the Trust Certificates or any such obligation shall be or become unenforceable or invalid or pursuant to any law or regulation in the Sultanate of Oman, which change or amendment takes place after 16 May 2017, or is declared by a court of competent jurisdiction or any ruling of any court in the Sultanate of Oman, in each case whose decision is final and unappealable, to be no longer legal, valid and binding or no longer enforceable against the Trustee; or

- (h) an event occurs that under the laws of Oman has an analogous effect to any of the events referred to in paragraphs (a) to (g) above,

then the (i) Delegate shall, as soon as reasonably practicable, give notice of the occurrence of such Dissolution Event to the Certificateholders in accordance with Condition 18 with a request to such holders to indicate whether they wish the Trust Certificates to become immediately due and payable; and (ii) if so requested in writing by Certificateholders representing not less than 25 per cent. in aggregate face amount of the Trust Certificates for the time being outstanding (subject to being indemnified and/or secured and/or prefunded to its satisfaction), or if the Delegate so decides in its discretion, the Delegate shall give notice to the Trustee, the Government and the Certificateholders in accordance with Condition 18 that the Trust Certificates are to be redeemed on the date specified in such notice (the "**Dissolution Event Redemption Date**" and the "**Dissolution Notice**") at the Dissolution Event Amount specified in, or determined in the manner specified in, the applicable Final Terms, together with all unpaid Periodic Distribution Amounts (if any) accrued to (but excluding) the Dissolution Event Redemption Date.

For the purposes thereof, upon receipt of such Dissolution Notice, the Trustee (or the Delegate (in the name of the Trustee)) shall deliver a duly completed Exercise Notice to the Government, subject to and in accordance with the Purchase Undertaking. A Dissolution Notice may be given pursuant to sub-paragraph (ii) above, whether or not notice has been given to the Certificateholders as provided in sub-paragraph (i) above.

For the purpose of sub-paragraph (a) above, amounts shall be considered due in respect of the Trust Certificates (including for the avoidance of doubt any amounts calculated as being payable under Conditions 7, 8 and 11) notwithstanding that the Trustee has at the relevant time insufficient funds to pay such amounts.

16. **Enforcement and Exercise of Rights**

16.1 ***Limitation on Liability of the Trustee***

Following the enforcement, realisation and ultimate distribution of the proceeds of the Trust Assets in respect of the Trust Certificates to the Certificateholders in accordance with these Conditions and the Trust Deed, the Trustee shall not be liable for any further sums, and accordingly no Certificateholder may take any action against the Trustee or any other Person to recover any such sum in respect of the Trust Certificates or Trust Assets.

16.2 ***Delegate not obliged to take action***

The Delegate shall not be bound in any circumstances to take any action to enforce or to realise the Trust Assets or take any action, step or proceedings against the Government and/or the Trustee under any Transaction Document unless directed or requested to do so in writing by the holders of at least 25 per cent. in aggregate face amount of the Trust Certificates then outstanding and subject, in each case, to it being indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

16.3 ***Direct enforcement by Certificateholders***

No Certificateholder shall be entitled to proceed directly against the Trustee or the Government, under any Transaction Document, unless the Delegate, having become so bound to proceed, fails to do so within a reasonable time of becoming so bound and such failure is continuing. Under no circumstances shall the Trustee, the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets (other than as expressly contemplated in the

Transaction Documents and/or these Conditions), and the sole right of the Trustee, the Delegate and the Certificateholders against the Trustee and the Government, as applicable, shall be to enforce their respective obligations under the Transaction Documents.

16.4 **Limited recourse**

Conditions 16.1, 16.2 and 16.3 are subject to this Condition 16.4. After enforcing or realising the Trust Assets in respect of the Trust Certificates of the relevant Series and distributing the net proceeds of the relevant Trust Assets in accordance with Condition 5.2 and the Trust Deed, the obligations of the Trustee in respect of the Trust Certificates of the relevant Series shall be satisfied and no Certificateholder may take any further steps against the Trustee or the Delegate or any other Person to recover any further sums in respect of the Trust Certificates of the relevant Series and the right to receive any such sums unpaid shall be extinguished.

17. **Replacement of Definitive Trust Certificates**

Should any definitive Trust Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Trustee may reasonably require (in light of prevailing market practice). Mutilated or defaced definitive Trust Certificates must be surrendered and cancelled before replacements will be issued.

18. **Notices**

All notices to the Certificateholders will be valid if mailed to them by first class pre-paid registered mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses in the Register.

The Trustee shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system (if any) on which the Trust Certificates are for the time being listed or on which they have been admitted to trading and/or quotation (as applicable). In addition, for so long as any Trust Certificates are listed on a stock exchange or are admitted to trading by another relevant authority and/or admitted to quotation (as applicable) and the rules of that stock exchange, relevant authority or quotation system (as applicable) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

So long as the Trust Certificates are listed on the Irish Stock Exchange and the rules of the exchange so require, notices to Certificateholders shall also be published either on the website of the Irish Stock Exchange (www.ise.ie) or in a daily newspaper with general circulation in Ireland (which is expected to be the *Irish Times*). If 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.

Any notice shall be deemed to have been given on the fourth day (other than a Friday, Saturday or Sunday) after being mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication. So long as the Global Trust Certificate representing the Trust Certificates is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg and/or DTC (as applicable), there may be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or DTC (as applicable) for communication by them to the Certificateholders. Any such notice shall be deemed to have been given to the Certificateholders on the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or DTC (as applicable).

Notices to be given by any Certificateholder shall be in writing and given by lodging the same with the Principal Paying Agent. Whilst any of the Trust Certificates are represented by the Global Trust Certificate, such notice may be given by any holder of a Trust Certificate to the Principal Paying Agent through Euroclear, Clearstream, Luxembourg and/or DTC (as applicable), in such manner as the Principal Paying Agent and Euroclear, Clearstream, Luxembourg and/or DTC (as applicable) may approve for this purpose.

19. **Meetings of Certificateholders; Written Resolutions**

(a) ***Convening Meetings of Certificateholders; Conduct of Meetings of Certificateholders; Written Resolutions:***

- (i) The Trustee, the Government and/or the Delegate may convene a meeting of the Certificateholders at any time in respect of the Trust Certificates in accordance with the provisions of the Master Trust Deed and the Agency Agreement. The Trustee, the Government or the Delegate, as the case may be, will determine the time and place of the meeting and will notify the Certificateholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.
- (ii) The Trustee, the Government and/or the Delegate (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) will convene a meeting of Certificateholders if the holders of at least 10 per cent. in principal amount of the outstanding Trust Certificates (as defined in the Master Trust Deed and described in Condition 19(i)) have delivered a written request to the Trustee, the Government or the Delegate (with a copy to the Trustee and the Government) setting out the purpose of the meeting. The Delegate shall agree the time and place of the meeting with the Trustee and the Government promptly. The Trustee, the Government or the Delegate, as the case may be, will notify the Certificateholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.
- (iii) The Trustee or the Government (as the case may be) (with the agreement of the Delegate) will set the procedures governing the conduct of any meeting in accordance with the Master Trust Deed and the Agency Agreement. If neither the Master Trust Deed nor the Agency Agreement includes such procedures, or additional procedures are required, the Trustee, the Government and the Delegate will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Trustee or the Government (as the case may be) proposes any modification to the terms and conditions of, or action with respect to, two or more series of securities issued by it.
- (iv) The notice convening any meeting will specify, *inter alia*:
 - (A) the date, time and location of the meeting;
 - (B) the agenda and the text of any Extraordinary Resolution (as defined below) to be proposed for adoption at the meeting;
 - (C) the Record Date for the meeting, which shall be no more than five business days before the date of the meeting;
 - (D) the documentation required to be produced by a Certificateholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Certificateholder's behalf at the meeting;
 - (E) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Trust Certificates are traded and/or held by Certificateholders;
 - (F) whether Condition 19(b), 19(c), or 19(d) shall apply and, if relevant, in relation to which other series of securities it applies;
 - (G) if the proposed modification or action relates to two or more series of securities issued by it and contemplates such series of securities being aggregated in more than one group of securities, a description of the proposed treatment of each such group of securities;

- (H) such information that is required to be provided by the Trustee in accordance with Condition 19(f);
 - (I) the identity of the Aggregation Agent (appointed in accordance with Condition 20(a) and as defined therein) and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 19(g); and
 - (J) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of securities.
- (v) In addition, the Master Trust Deed contains provisions relating to Written Resolutions (as defined below). Further, the Master Trust Deed provides that, where the Trust Certificates are held by or on behalf of a clearing system or clearing systems, approval of a resolution may be given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with the operating rules and procedures of the relevant clearing system(s) by or on behalf of the Certificateholders ("**Electronic Consent**"). All information to be provided pursuant to Condition 19(a)(iv) shall also be provided, *mutatis mutandis*, in respect of Written Resolutions or resolutions approved by Electronic Consent.
- (vi) A "**Record Date**" in relation to any proposed modification or action means the date fixed by the Trustee or the Government (as the case may be) for determining the Certificateholders and, in the case of a multiple series aggregation, the holders of securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution as set out below.
- (vii) An "**Extraordinary Resolution**" means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.
- (viii) A "**Written Resolution**" means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.
- (ix) Any reference to "**securities**" means any trust certificates (including, without limitation, the Trust Certificates), bonds, debentures or other securities issued by the Trustee or the Government in one or more series with an original stated maturity of more than one year.
- (x) "**Securities Capable of Aggregation**" means those securities which include or incorporate by reference this Condition 19 and Condition 20 or provisions substantially in these terms which provide for the securities which include such provisions to be capable of being aggregated for voting purposes with other series of securities.
- (xi) "**business day**" shall mean a day on which banks are open for business in the city in which the specified office of the Registrar is located.
- (b) ***Modification of this Series of Trust Certificates only:***
- (i) Without prejudice to clause 11 of the Master Trust Deed, any modification of any provision of, or any action in respect of, these Conditions or the Transaction Documents in respect of the Trust Certificates may be made or taken if

approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.

(ii) A **"Single Series Extraordinary Resolution"** means a resolution passed at a meeting of Certificateholders duly convened and held in accordance with the procedures prescribed by the Trustee or the Government and the Delegate pursuant to Condition 19(a) by a majority of:

(A) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Trust Certificates; or

(B) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate principal amount of the outstanding Trust Certificates.

(iii) A **"Single Series Written Resolution"** means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:

(A) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Trust Certificates; or

(B) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate principal amount of the outstanding Trust Certificates.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Certificateholders.

(iv) Any Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Certificateholders, whether or not they attended any meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be.

(c) ***Multiple Series Aggregation – Single limb voting:***

(i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, **provided that** the Uniformly Applicable condition (as defined below) is satisfied.

(ii) A **"Multiple Series Single Limb Extraordinary Resolution"** means a resolution considered at separate meetings of the holders of each affected series of Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Trustee or the Government (as the case may be) and the Delegate pursuant to Condition 19(a), as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate principal amount of the outstanding securities of all affected series of Securities Capable of Aggregation (taken in aggregate).

(iii) A **"Multiple Series Single Limb Written Resolution"** means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Securities Capable of Aggregation, in accordance with the applicable securities documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the outstanding securities of all affected series of Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same

form, each signed or confirmed in writing by or on behalf of one or more Certificateholders or one or more holders of each affected series of Securities Capable of Aggregation.

- (iv) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Certificateholders and holders of each other affected series of Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be.
 - (v) The "**Uniformly Applicable**" condition will be satisfied if:
 - (A) the holders of all affected series of Securities Capable of Aggregation are invited to exchange, convert, or substitute their securities, on the same terms, for (1) the same new instrument or other consideration or (2) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or
 - (B) the amendments proposed to the terms and conditions of each affected series of Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to the currency of issuance).
 - (vi) It is understood that a proposal under Condition 19(c)(iii) will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Securities Capable of Aggregation is not offered the same amount of consideration per Dissolution Amount, the same amount of consideration per Periodic Distribution Amount accrued but unpaid and the same amount of consideration per past due Periodic Distribution Amount, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Securities Capable of Aggregation is not offered the same amount of consideration per Dissolution Amount, the same amount of consideration per amount of Periodic Distribution Amount accrued but unpaid and the same amount of consideration per amount of past due Periodic Distribution Amount, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Securities Capable of Aggregation electing the same option from such menu of instruments).
 - (vii) Any modification or action proposed under Condition 19(c) may be made in respect of some series only of the Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 19(c) may be used for different groups of two or more series of Securities Capable of Aggregation simultaneously.
- (d) ***Multiple Series Aggregation – Two limb voting:***
- (i) In relation to a proposal that includes a Reserved Matter (as defined below), any modification to the terms and conditions of, or any action with respect to, two or more series of Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.

- (ii) A "**Multiple Series Two Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Trustee or the Government (as the case may be) and the Delegate pursuant to Condition 19(a), as supplemented if necessary, which is passed by a majority of:
 - (A) at least 66 $\frac{2}{3}$ per cent. of the aggregate principal amount of the outstanding securities of affected series of Securities Capable of Aggregation (taken in aggregate); and
 - (B) more than 50 per cent. of the aggregate principal amount of the outstanding securities in each affected series of Securities Capable of Aggregation (taken individually).
- (iii) A "**Multiple Series Two Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Securities Capable of Aggregation, in accordance with the applicable securities documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:
 - (A) at least 66 $\frac{2}{3}$ per cent. of the aggregate principal amount of the outstanding securities of all the affected series of Securities Capable of Aggregation (taken in aggregate); and
 - (B) more than 50 per cent. of the aggregate principal amount of the outstanding securities in each affected series of Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Certificateholders or one or more holders of each affected series of Securities Capable of Aggregation.
- (iv) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Certificateholders and holders of each other affected series of Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be.
- (v) Any modification or action proposed under this Condition 19(d) may be made in respect of some series only of the Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 19(d) may be used for different groups of two or more series of Securities Capable of Aggregation simultaneously.
- (e) **Reserved Matters:**

In these Conditions, "**Reserved Matter**" means any proposal:

- (i) to change the Scheduled Dissolution Date or any other date, or the method of determining the Scheduled Dissolution Date or any other date, for payment of the Dissolution Amount, the Periodic Distribution Amount or any other amount in respect of the Trust Certificates, to reduce or cancel the amount of the Dissolution Amount, the Periodic Distribution Amount or any other amount payable on any date in respect of the Trust Certificates or to change the method of calculating the amount of the Dissolution Amount, the Periodic Distribution

Amount or any other amount payable in respect of the Trust Certificates on any date;

- (ii) to change the currency in which any amount due in respect of the Trust Certificates is payable or the place in which any payment is to be made;
- (iii) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Certificateholders or the number or percentage of votes required to be cast, or the number or percentage of Trust Certificates required to be held, in connection with the taking of any decision or action by or on behalf of the Certificateholders or any of them;
- (iv) to change this definition, or the definition of "Extraordinary Resolution", "Single Series Extraordinary Resolution", "Multiple Series Single Limb Extraordinary Resolution", "Multiple Series Two Limb Extraordinary Resolution", "Written Resolution", "Single Series Written Resolution", "Multiple Series Single Limb Written Resolution" or "Multiple Series Two Limb Written Resolution";
- (v) to change the definition of "securities" or "Securities Capable of Aggregation";
- (vi) to change the definition of "**Uniformly Applicable**";
- (vii) to change the definition of "**outstanding**" or to modify the provisions of Condition 19(i);
- (viii) to change (A) the legal ranking of the Trust Certificates or (B) to approve such other arrangement by way of Extraordinary Resolution of the Certificateholders as referred to in Condition 4.2;
- (ix) to change any provision of the Trust Certificates describing circumstances in which Trust Certificates may be declared due and payable prior to their scheduled maturity date, set out in Condition 15;
- (x) to change the law governing the Trust Certificates, any of the arrangements specified in the Trust Certificates to enable proceedings to be taken or the Trustee's waiver of immunity, in respect of actions or proceedings brought by any Certificateholder, set out in Condition 27;
- (xi) to impose any condition on or otherwise change the Trustee's obligation to make payments of the Dissolution Amount, the Periodic Distribution Amount or any other amount in respect of the Trust Certificates;
- (xii) to modify the provisions of this Condition 19(e);
- (xiii) to change any of the Government's covenants set out in the Lease Agreement or any of its covenants or undertakings to make a payment under any Transaction Document to which it is a party; or
- (xiv) to exchange or substitute all the Trust Certificates for, or convert all the Trust Certificates into, other obligations or securities of the Trustee or the Government (as the case may be) or any other Person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Trust Certificates for, or the conversion of the Trust Certificates into, any other obligations or securities of the Trustee or the Government (as the case may be) or any other Person, which would result in these Conditions as so modified being less favourable to the Certificateholders which are subject to these Conditions as so modified than:
 - (A) the provisions of the other obligations or securities of the Trustee or the Government (as the case may be) or any other Person resulting from the relevant exchange or substitution or conversion; or

- (B) if more than one series of other obligations or securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of securities having the largest aggregate principal amount.

(f) ***Information:***

Prior to or on the date that the Trustee or the Government or the Delegate (as the case may be) proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 19(b), 19(c) or 19(d), the Trustee or the Government (as the case may be) shall publish in accordance with Conditions 18 and 20, and provide the Delegate with the following information:

- (i) a description of the Trustee's and the Government's economic and financial circumstances which are, in the Trustee's or the Government's, as applicable, opinion, relevant to the request for any potential modification or action, a description of the Trustee's and the Government's existing debts and a description of the Government's broad policy reform programme and provisional macroeconomic outlook;
- (ii) if the Trustee or the Government shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement. Where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;
- (iii) a description of the Trustee's and/or the Government's proposed treatment of external securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other securities and its other major creditor groups; and
- (iv) if any proposed modification or action contemplates securities being aggregated in more than one group of securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Certificateholders in accordance with Condition 19(a)(iv)(G).

(g) ***Claims Valuation:***

For the purpose of calculating the par value of the Trust Certificates and any affected series of securities which are to be aggregated with the Trust Certificates in accordance with Conditions 19(c) and 19(d), the Trustee or the Government (as the case may be) may appoint a Calculation Agent. The Trustee or the Government (as the case may be) shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the Calculation Agent will calculate the par value of the Trust Certificates and such affected series of securities. In any such case where a Calculation Agent is appointed, the same Person will be appointed as the Calculation Agent for the Trust Certificates and each other affected series of securities for these purposes, and the same methodology will be promulgated for each affected series of securities.

(h) ***Manifest error, etc.:***

- (i) The Trust Certificates, these Conditions and the provisions of the Trust Deed or any other Transaction Document can only be amended by the Government and the Trustee with the consent of the Delegate and the Delegate may agree, without the consent of Certificateholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, the Trust Certificates, these Conditions, the Trust Deed or any other Transaction Document or determine, without any such consent or sanction as

aforesaid, that any Dissolution Event or Potential Dissolution Event shall not be treated as such if, in the opinion of the Delegate:

- (i) such modification is of a formal, minor or technical nature; or
- (ii) such modification is made to correct a manifest error; or
- (iii) such modification, waiver, authorisation or determination is not, in the sole opinion of the Delegate, materially prejudicial to the interests of Certificateholders and is other than in respect of a Reserved Matter,

provided that, in the case of (iii) above, no such modification, waiver, authorisation or determination may be made in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 20 per cent of the outstanding aggregate face amount of Trust Certificates.

Any such modification, waiver, authorisation or determination may be made on such terms and subject to such conditions (if any) as the Delegate may determine, shall be binding upon the Certificateholders and shall as soon as practicable thereafter be notified by the Trustee to Certificateholders in accordance with Condition 18.

(j) ***Trust Certificates controlled by the Trustee or the Government:***

For the purposes of (a) determining the right to attend and vote at any meeting of Certificateholders, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution, (b) this Condition 19 and (iii) Condition 15, any Trust Certificates which are for the time being held by or on behalf of the Trustee, the Government of the Sultanate of Oman, the Ministry of Finance, any other public sector instrumentality of the Government of the Sultanate of Oman or by or on behalf of any Person which is owned or controlled directly or indirectly by the Trustee, the Government of the Sultanate of Oman, the Ministry of Finance or by any other public sector instrumentality of the Government of the Sultanate of Oman shall be disregarded and be deemed not to remain outstanding; where:

- (i) **"public sector instrumentality"** means the Ministry of Finance, any Agency, any other department or ministry of the Government of the Sultanate of Oman or any corporation, trust, financial institution or other entity owned or controlled by the Government of the Sultanate of Oman or any of the foregoing; and
- (ii) **"control"** means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other Persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

A Trust Certificate will also be deemed to be not outstanding if, in accordance with these Conditions, the Trust Certificate has previously been cancelled or delivered for cancellation or held for reissuance but not reissued, or, where relevant, the Trust Certificate has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Trustee or the Government (as the case may be) has previously satisfied its obligations to make all payments due in respect of the Trust Certificates in accordance with its terms.

In advance of any meeting of Certificateholders, or in connection with any Written Resolution, the Trustee or the Government (as the case may be) shall provide to the Delegate a copy of the certificate prepared pursuant to Condition 20(d) which includes information on the total number of Trust Certificates which are for the time being held by or on behalf of the Trustee, the Government, the Ministry of Finance or any other public sector instrumentality of the Government (as the case may be) or by or on behalf of any Person which is owned or controlled directly or indirectly by the Trustee, the Government of the Sultanate of Oman, the Ministry of Finance or by any other public

sector instrumentality of the Government (as the case may be) and, as such, such Trust Certificates shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Certificateholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Delegate shall make any such certificate available for inspection during normal business hours at its specified office and, upon reasonable request, will allow copies of such certificate to be taken.

(k) ***Publication:***

The Trustee or the Government (as the case may be) shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 20(g).

(l) ***Exchange and Conversion:***

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, these Conditions may be implemented at the Trustee's or the Government's (as the case may be) option by way of a mandatory exchange or conversion of the Trust Certificates and each other affected series of securities, as the case may be, into new *Shari'a* compliant securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Trust Certificates is notified to Certificateholders at the time notification is given to the Certificateholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Certificateholders.

20. **Aggregation Agent; Aggregation Procedures**

(a) ***Appointment:***

The Trustee or the Government (as the case may be) will appoint an aggregation agent (in such capacity, the "**Aggregation Agent**") to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Trust Certificates and, in the case of a multiple series aggregation, by the required principal amount of outstanding securities of each affected series of securities. In the case of a multiple series aggregation, the same Person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the Transaction Documents in respect of the Trust Certificates and in respect of the terms and conditions or securities documentation in respect of each other affected series of securities. The Aggregation Agent shall be independent of the Trustee and the Government.

(b) ***Extraordinary Resolutions:***

If an Extraordinary Resolution has been proposed at a duly convened meeting of Certificateholders to modify any provision of, or action in respect of, these Conditions and other affected series of securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Trust Certificates and, where relevant, each other affected series of securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

(c) ***Written Resolutions:***

If a Written Resolution has been proposed under these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Trust Certificates and, where relevant, each other

affected series of securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

(d) ***Certificate:***

For the purposes of Conditions 20(b) and 20(c), the Trustee and the Government will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 19(b), 19(c) or 19(d), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution. The certificate shall:

- (i) list the total principal amount of Trust Certificates and, in the case of a multiple series aggregation, the total principal amount of each other affected series of securities outstanding on the Record Date; and
- (ii) clearly indicate the Trust Certificates and, in the case of a multiple series aggregation, securities of each other affected series of securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 19(i) on the Record Date identifying the holders of the Trust Certificates and, in the case of a multiple series aggregation, securities of each other affected series of securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

(e) ***Notification:***

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 20 to be notified to the Delegate, the Trustee and the Government as soon as practicable after such determination. Notice thereof shall also promptly be given to the Certificateholders by the Trustee or the Government in accordance with Condition 18.

(f) ***Binding nature of determinations; no Liability:***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 20 by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Trustee, the Government, the Delegate and the Certificateholders and (subject as aforesaid) no Liability to any such Person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(g) ***Manner of publication:***

The Trustee and the Government will publish all notices and other matters required to be published pursuant to the Trust Deed including any matters required to be published pursuant to Conditions 15, Condition 19 and this Condition 20:

- (i) through Euroclear, Clearstream, DTC and/or any other clearing system in which the Trust Certificates are held (as applicable);
- (ii) in such other places and in such other manner as may be required by applicable law or regulation; and
- (iii) in such other places and in such other manner as may be customary.

21. **Certificateholders' Committee**

(a) ***Appointment:***

(i) Holders of at least 25 per cent. of the aggregate principal amount of the outstanding securities of all series of affected securities (taken in aggregate) may, by notice in writing to the Trustee and the Government (with a copy to the Delegate), appoint any person or persons as a committee to represent the interests of such holders (as well as the interests of any holders of outstanding securities who wish to be represented by such a committee) if any of the following events has occurred:

- (A) a Dissolution Event or a Potential Dissolution Event;
- (B) any public announcement by the Trustee or the Government (as the case may be), to the effect that the Trustee or the Government (as the case may be) is seeking or intends to seek a rescheduling or restructuring of the Trust Certificates or any other affected series of securities (whether by amendment, exchange offer or otherwise); or
- (C) with the agreement of the Government, at a time when the Government has reasonably reached the conclusion that its debt may no longer be sustainable whilst the Trust Certificates or any other affected series of securities are outstanding.

(ii) Upon receipt of a written notice that a committee has been appointed in accordance with Condition 21(a)(i) and a certificate delivered pursuant to Condition 21(d), the Government or the Trustee shall give notice of the appointment of such a committee to:

- (A) the Delegate and all Certificateholders in accordance with Condition 18; and
- (B) the holders of each affected series of securities in accordance with the terms and conditions of such affected series of securities,

as soon as practicable after such written notice and such certificate are delivered.

(b) ***Powers:***

Such committee in its discretion may, among other things:

- (i) engage legal advisers and financial advisers to assist it in representing the interests of the holders of outstanding securities of all series of affected securities (including the Certificateholders);
- (ii) adopt such rules as it considers appropriate regarding its proceedings;
- (iii) enter into discussions with the Trustee and/or the Government and/or other creditors of the Trustee and/or the Government; and
- (iv) designate one or more members of the committee to act as the main point(s) of contact with the Trustee and/or the Government and provide all relevant contact details to the Trustee and/or the Government.

Except to the extent provided in this Condition 21(b), such committee shall not have the ability to exercise any powers or discretions which the holders of outstanding securities of all series of affected securities (including the Certificateholders) could themselves exercise.

(c) ***Engagement with the committee and provision of information:***

- (i) Each of the Trustee and the Government shall:

- (A) subject to paragraph (B) immediately below, engage with the committee in good faith;
 - (B) provide the committee with information equivalent to that required under Condition 19(f) and related proposals, if any, in each case as the same become available, subject to any applicable information disclosure policies, rules and regulations; and
 - (C) pay any reasonable fees and expenses of any such committee (including without limitation, the reasonable and documented fees and expenses of the committee's legal and financial advisers, if any) following receipt of reasonably detailed invoices and supporting documentation.
- (ii) If more than one committee has been appointed by holders of affected series of securities in accordance with the provisions of this Condition 21 and/or equivalent provisions set out in the terms and conditions of any affected series of securities, neither the Trustee nor the Government shall be obliged to engage with such committees separately. Such committees may appoint a single steering group (to be comprised of representatives from such committees), whereupon the Trustee and the Government shall engage with such steering group.

(d) ***Certification:***

Upon the appointment of a committee, the person or persons constituting such a committee (the "**Members**") will provide a certificate to the Trustee, the Government and to the Delegate signed by the authorised representatives of the Members, and the Trustee, the Government and the Delegate may rely upon the terms of such certificate conclusively and without any Liability therefor.

The certificate shall certify:

- (i) that the committee has been appointed;
- (ii) the identity of the Members; and
- (iii) that such appointment complies with the terms and conditions of the relevant securities documentation.

Promptly after any change in the identity of the Members, a new certificate which each of the Trustee, the Government and the Delegate may rely on conclusively (and without any Liability therefor), will be delivered to the Trustee, the Government and the Delegate identifying the new Members. Each of the Trustee, the Government and the Delegate will assume that the membership of the committee has not changed unless and until it has received a new certificate.

The provisions of this Condition 21(d) shall apply, *mutatis mutandis*, to any steering group appointed in accordance with Condition 21(c)(ii).

In appointing a person or persons as a committee to represent the interests of the Certificateholders, the Certificateholders may instruct a representative or representatives of the committee to form a separate committee or to join a steering group with any person or persons appointed for similar purposes by other affected series of securities.

22. **Indemnification and Liability of the Delegate**

- 22.1 The Trust Deed contains provisions for the indemnification of the Delegate in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.
- 22.2 The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the Government (acting in any capacity) under any

Transaction Document and shall not under any circumstances have any Liability or be obliged to account to the Certificateholders in respect of any payment which should have been made by the Government (acting in any capacity), but is not so made, and shall not in any circumstances have any Liability arising from the Trust Assets other than as expressly provided in these Conditions or in the Trust Deed.

- 22.3 Each of the Delegate and the Trustee is exempted from (a) any Liability in respect of any loss or theft of the Trust Assets or any cash, (b) any obligation to insure the Trust Assets or any cash and (c) any claim arising from the fact that the Trust Assets or any cash are held by or on behalf of the Trustee or on deposit or in an account with any depositary or clearing system or are registered in the name of the Trustee or its nominee, unless such loss or theft arises as a result of wilful default, bad faith or manifest or proven error of the Delegate or the Trustee, as the case may be.

23. **Currency Indemnity**

The Specified Currency is the sole currency of account and payment for all sums payable by the Trustee under or in connection with the Trust Certificates, including damages. Any amount received or recovered in a currency other than the Specified Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Certificateholder in respect of any sum expressed to be due to it from the Trustee shall only constitute a discharge to the Trustee to the extent of the Specified Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that Specified Currency amount is less than the Specified Currency amount expressed to be due to the recipient under any Trust Certificate, the Trustee shall indemnify it against any loss sustained by it as a result. In any event, the Trustee shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 22, it will be sufficient for the Certificateholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Trustee's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Certificateholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Trust Certificate or any other judgment or order.

24. **Further Issues**

In respect of any Series, the Trustee shall, subject to and in accordance with the Trust Deed, be at liberty from time to time without the consent of the Certificateholders to create and issue additional Trust Certificates having the same terms and conditions as the outstanding Trust Certificates of such Series (or terms and conditions which are the same in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue), and so that the same shall be consolidated and form a single Series with the outstanding Trust Certificates of such Series. Any additional Trust Certificates which are to form a single Series with the outstanding Trust Certificates previously constituted by the Trust Deed shall be constituted by a deed supplemental to the Trust Deed. References in these Conditions to the Trust Certificates include (unless the context requires otherwise) any other trust certificates issued pursuant to this Condition and forming a single series with the outstanding Trust Certificates.

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

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

26. **Governing Law and Submission to Jurisdiction**

- 26.1 The Trust Deed and the Trust Certificates (including the remaining provisions of this Condition 26 and any non-contractual obligations arising out of or in connection with the Trust Deed and the Trust Certificates) are governed by, and shall be construed in accordance with, English law.

26.2 Any dispute, claim, difference or controversy arising out, relating to or having any connection with the Trust Deed and/ or the Trust Certificates (including any dispute, claim, difference or controversy regarding the existence, validity, interpretation, performance, breach or termination or the consequences of their nullity or any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed and/or the Trust Certificates) (a "**Dispute**") shall be referred to and finally resolved by arbitration in accordance with the Arbitration Rules of the LCIA (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition 26.2. For these purposes:

- (a) the seat of arbitration shall be London;
- (b) there shall be three arbitrators, each of whom shall be an attorney experienced in international securities transactions. The claimant(s), irrespective of number, shall nominate jointly one arbitrator; the respondent(s), irrespective of number, shall nominate jointly the second arbitrator, and a third arbitrator (who shall act as presiding arbitrator) shall be nominated by the arbitrators nominated by or on behalf of the claimant(s) and respondent(s) or, in the absence of agreement on the third arbitrator within 30 days of the date of nomination of the later of the two party-nominated arbitrators to be nominated, the third arbitrator shall be chosen by the LCIA Court (as defined in the Rules); and
- (c) the language of the arbitration shall be English.

27. **Waiver of Immunity**

27.1 Each of the Government, with respect to its entry into the Transaction Documents and its obligations thereunder, and the Trustee, with respect to the Trust Certificates, irrevocably and unconditionally agrees to waive all immunity (including, without limitation, immunity from jurisdiction, suit, execution or other legal process (whether through service of notice or otherwise)) it or its assets or revenues may otherwise have in any jurisdiction, including irrevocably and unconditionally waiving immunity and/or the claim of immunity in respect of:

- (a) the giving of any relief of any process including, without limitation, by way of injunction or order for specific performance or for the recovery of assets or revenues or damages or otherwise; and
- (b) the issue of any process including, without limitation, the making, enforcement or execution against its property, assets or revenues (irrespective of its use or intended use) for the enforcement of a judgment made or given in respect of any proceedings or, in an action *in rem*, for the arrest, detention or sale of any property, assets and revenues,

provided that nothing in this Condition 27 shall prevent the Government or the Trustee from claiming immunity in respect of (i) pre-judgment attachment or any analogous proceedings or (ii) enforcement proceedings, which seek to execute against non-commercial (or public) assets of the Government or the Trustee.

27.2 For the purpose of this Condition 27, "**commercial assets**" are those assets of the Government or the Trustee which are not deemed to be public assets of the Government or the Trustee pursuant to Omani law and which include those assets for the time being in use or intended for use for the purpose of, without limitation, the following transactions or activities:

- (a) any contract for the supply of goods and services and deposits or revenues therefrom;
- (b) any loan or other transaction for the provision of finance and any indemnity or guarantee relating thereto or of any other financial obligation entered into by the Government or the Trustee; and
- (c) any other transaction or activity of any commercial nature entered into or engaged in by the Government or the Trustee,

provided, however, that assets which can be characterised as: (A) "premises of the mission" as such term is defined in the Vienna Convention on Diplomatic Relations signed in 1961, or "consular premises" as such term is defined in the Vienna Convention on Consular Relations

signed in 1963; (B) military or defence assets of the Sultanate of Oman for military or defence use by the Sultanate of Oman; or (C) assets used for public or governmental services (as opposed to commercial use) by the Sultanate of Oman, shall not, in any circumstances, constitute commercial assets.

28. Waiver of Interest

- 28.1 Each of the Trustee, the Government and the Delegate has in the Trust Deed irrevocably agreed that no interest will be payable or receivable under or in connection therewith and each party agrees that it will not claim any interest in respect of any proceedings brought by or on behalf of a party under the Trust Deed or these Conditions.
- 28.2 If it is determined that any interest is payable or receivable in connection therewith by a party, whether as a result of any arbitral award or by operation of any applicable law or otherwise, such party has agreed to waive any rights it may have to claim or receive such interest and has agreed that if any such interest is actually received by it, it shall promptly donate the same to a registered or otherwise officially recognised charitable organisation.

For the avoidance of doubt, nothing in this Condition 28 shall be construed as a waiver of rights in respect of any Periodic Distribution Amounts, Rentals, Dissolution Amounts, Exercise Price, Certificateholder Put Right Exercise Price or profit or principal or other amount payable of any kind howsoever described payable by the Government (in any capacity) or the Trustee (in any capacity) pursuant to the Transaction Documents and/or these Conditions, howsoever such amounts may be described or re-characterised by way of arbitral tribunal.

29. Agent for Service of Process

Each of the Government and the Trustee has irrevocably appointed the Omani Embassy in London at 167, Queen's Gate, London SW7 5HE, as its authorised agent for service of process in relation to any Dispute in England. If for any reason such agent shall cease to be such agent for service of process, the Government and/or the Trustee (as applicable) shall forthwith appoint a new agent for service of process in England and notify the Delegate and the Certificateholders of such appointment (in accordance with Condition 18) within 30 days. Nothing herein shall affect the right to serve process in any other manner permitted by law.

SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection at the offices of the Principal Paying Agent (as defined in the Conditions). Words and expressions defined in the Conditions shall have the meanings in this summary.

The Master Trust Deed, as supplemented by each Supplemental Trust Deed

The Master Trust Deed was entered into on 16 May 2017 between the Trustee, the Government and the Delegate and is governed by English law. Pursuant to the Master Trust Deed, a Supplemental Trust Deed between the same parties will be entered into on the Issue Date of each Tranche of Trust Certificates and will also be governed by English law.

Upon issue of the relevant Trust Certificates of any Series, the Master Trust Deed and the relevant Supplemental Trust Deed shall together constitute the trust over the relevant Trust Assets declared by the Trustee in relation to such Tranche.

The Trust Assets in respect of each Tranche of Trust Certificates comprise, *inter alia*, the Trustee's rights, title and interest, present and future in, to and under the Relevant Lease Asset(s), its rights, title, interest and benefit, present and future, in, to and under the Transaction Documents and all monies standing to the credit of the relevant Transaction Account from time to time.

Pursuant to the Trust Deed, the Trustee will agree to act for and on behalf of the Certificateholders and, *inter alia*, in relation to each Tranche of Trust Certificates:

- (a) hold the relevant Trust Assets on trust absolutely for the Certificateholders as beneficial tenants in common *pro rata* according to the face amount of Trust Certificates held by each Certificateholder; and
- (b) act as trustee in respect of such Trust Assets, distribute the income from such Trust Assets and perform its duties in accordance with the provisions of the Trust Deed.

Each Trust Deed will specify, *inter alia*, that in relation to each Tranche:

- (a) there shall be no claim or recourse against the Trustee in respect of any amount which is or remains unsatisfied, to the extent the Trust Assets have been exhausted, following which any unsatisfied claims against the Trustee will be extinguished;
- (b) the Trustee may from time to time (but always subject to the provisions of the Master Trust Deed), without the consent of the Certificateholders, create and issue additional Trust Certificates having the same terms and conditions as the outstanding Trust Certificates of such Series (or terms and conditions that are the same in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue), and so that the same shall be consolidated and form a single series, with the outstanding Trust Certificates of such Series, and that any additional Trust Certificates which are to be created and issued so as to form a single series with the outstanding Trust Certificates of a particular Series previously constituted by the Trustee shall be constituted by a trust deed supplemental to the Master Trust Deed; and
- (c) on the date upon which any Supplemental Purchase Agreement is entered into in connection with the creation and issuance of additional Trust Certificates pursuant to the provisions described in sub-paragraph (c) above and the Master Purchase Agreement (being the relevant Issue Date for that Tranche of additional Trust Certificates), the Trustee will execute a Declaration of Commingling of Assets for and on behalf of the holders of the existing Trust Certificates and the holders of such additional Trust Certificates so created and issued, declaring that the relevant Additional Asset(s) and the Lease Asset(s) in respect of the relevant Series as in existence immediately prior to the creation and issue of the additional Trust Certificates are commingled and shall collectively comprise part of the Trust Assets for the benefit of the holders of the existing Trust Certificates and the holders of such additional Trust Certificates as tenants in common *pro rata* according to the face amount of Trust Certificates held by each Certificateholder, in accordance with the Trust Deed.

In the Trust Deed, the Trustee will irrevocably and unconditionally appoint the Delegate to *inter alia* exercise all of the present and future powers, trusts, rights, authorities and discretions (including but not limited to the authority to request instructions from any Certificateholders and the power to sub-delegate and to make any determinations to be made under the Trust Deed) vested in the Trustee by the relevant provisions of the Trust Deed. The appointment of the Delegate by the Trustee is intended to be in the interests of the Certificateholders and, subject as provided in the Trust Deed, does not affect the Trustee's continuing role and obligations as trustee.

In each Trust Deed the Delegate will undertake that, *inter alia*, if it has actual knowledge or express notice pursuant to the Trust Deed of the occurrence of a Dissolution Event in respect of any Trust Certificates and subject to Condition 15, (i) it shall, as soon as reasonably practicable notify the Certificateholders of the occurrence of such Dissolution Event in accordance with Condition 18, and (ii) if so requested in writing by Certificateholders representing not less than 25 per cent. in aggregate face amount of the Trust Certificates for the time being outstanding (subject to being indemnified and/or secured and/or prefunded to its satisfaction), or if the Delegate decides in its discretion, it shall give notice to the Trustee, the Government and the Certificateholders in accordance with Condition 18 that the Trust Certificates are to be redeemed on the Dissolution Event Redemption Date specified in such notice at the Dissolution Event Amount, together with all unpaid Periodic Distribution Amounts (if any) accrued to (but excluding) the Dissolution Event Redemption Date.

A *Shari'a*-compliant (or otherwise non-interest bearing) Transaction Account will be established in respect of each Series of Trust Certificates. Monies received in the Transaction Account in respect of each Series will, *inter alia*, comprise (i) payments from the Government (in its capacity as lessee) under the Lease Agreement (see "*Summary of the Principal Transaction Documents – Lease Agreement*" below) and (ii) the Exercise Price or Certificateholder Put Right Exercise Price, as applicable, received from the Government (in its capacity as purchaser) under the relevant Sale Agreement (see "*Summary of the Principal Transaction Documents – Purchase Undertaking*" and "*Summary of the Principal Transaction Documents – Sale and Substitution Undertaking*" below). The Master Trust Deed provides that all monies credited to the Transaction Account in respect of each Series will be applied in the order of priority set out in Condition 5.2.

In the Master Trust Deed, the Government will undertake that, *inter alia*, it will immediately upon demand (but without any double counting): (a) make payment to the Trustee or the Delegate (as applicable) (each acting for and on behalf of the Certificateholders) of an amount equal to the Purchase Price (as defined in the relevant Supplemental Purchase Agreement) in respect of any Initial Defective Sale by way of restitution and (b) indemnify fully the Trustee or the Delegate (as applicable) (each acting for and on behalf of the Certificateholders) for the relevant Exercise Price (or Certificateholder Put Right Exercise Price, as the case may be) expressed to be due and payable under the Purchase Undertaking or the Sale and Substitution Undertaking, as applicable, at the relevant time if, as a result of either an Initial Defective Sale or a Subsequent Defective Sale, the Trustee or the Delegate (as applicable) is unable to realise in full, or does not actually receive in full, the relevant Exercise Price (or Certificateholder Put Right Exercise Price, as the case may be) which is expressed to be due and payable under either the Purchase Undertaking or the Sale and Substitution Undertaking, as applicable, at the relevant time.

For this purpose, an "**Initial Defective Sale**" will occur if the sale, purchase, transfer and conveyance of any rights, title, and interest in, to and under any of the relevant Asset(s) or Additional Asset(s), as applicable (each as defined in the relevant Supplemental Purchase Agreement) from the Government (acting in its capacity as seller) to the Trustee (acting in its capacity as purchaser) under the relevant Purchase Agreement is not valid or effective, or becomes invalid or ineffective, in whole or in part, in any jurisdiction for any reason, and a "**Subsequent Defective Sale**" will occur if the sale, purchase, transfer and conveyance of any of the Trustee's rights, title and interest, in, to and under, *inter alia*, the Relevant Lease Asset(s) (or proportion thereof, as the case may be) pursuant to the exercise of the Purchase Undertaking or the Sale and Substitution Undertaking, as applicable, is not valid or effective, or becomes invalid or ineffective, in whole or in part, in any jurisdiction for any reason, including without limitation, by reason of any Initial Defective Sale.

Purchase Agreement

The Master Purchase Agreement was entered into on 16 May 2017 between Oman Sovereign Sukuk S.A.O.C. (in its capacity as Trustee and purchaser) and the Government (in its capacity as seller) and will be governed by the laws of the Sultanate of Oman. A Supplemental Purchase Agreement between the

same parties will be entered into on the Issue Date of the relevant Tranche (including any additional Tranche of Trust Certificates issued pursuant to Condition 24 (an "**Additional Tranche**")) of Trust Certificates and will also be governed by the laws of the Sultanate of Oman.

Pursuant to the Purchase Agreement, the Government (in its capacity as seller) may sell, transfer and convey to the Trustee (in its capacity as purchaser), and the Trustee may purchase and accept the transfer and conveyance from the Government of all of the Government's rights, title and interests in, to and under the relevant Asset(s) (in the case of any Additional Tranche, the "**Additional Asset(s)**"). The Asset(s) or the Additional Asset(s), as applicable, will comprise on the Issue Date of the relevant Tranche those assets described in the Schedule to the Supplemental Purchase Agreement.

Pursuant to the relevant Supplemental Purchase Agreement, the Government (in its capacity as seller) will undertake, to the extent that the sale and purchase, transfer or conveyance of its rights, title and interests in, to and under the/any Asset(s) or Additional Asset(s) (as the case may be) is not (or is alleged not to be) effective in any jurisdiction for any reason and the Exercise Price (or the Certificateholder Put Right Exercise Price, as the case may be) payable pursuant to the Sale and Substitution or Purchase Undertaking, as the case may be, is not paid in full when due, to:

- (a) make payment of an amount equal to the Purchase Price (or relevant part thereof) by way of restitution to the Trustee (in its capacity as purchaser) immediately upon request; and/or
- (b) indemnify fully the Trustee for the purpose of redemption of the outstanding Trust Certificates of the relevant Series (or the Certificateholder Put Right Trust Certificates, as the case may be, and as defined in the Purchase Undertaking) and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price (or the Certificateholder Put Right Exercise Price, as the case may be),

in each case, without duplication or double counting.

Lease Agreement

The Master Lease Agreement was entered into on 16 May 2017 between Oman Sovereign Sukuk S.A.O.C. (in its capacity as Trustee and as lessor) and the Government (in its capacity as lessee) and the Delegate and will be governed by the laws of the Sultanate of Oman. A Supplemental Lease Agreement between the same parties will be entered into on the Issue Date of each Tranche of Trust Certificates (and in the circumstances described in the Purchase Undertaking, Sale and Substitution Undertaking and the Servicing Agency Agreement (*see "Summary of the Principal Transaction Documents — Purchase Undertaking", "Summary of the Principal Transaction Documents — Sale and Substitution Undertaking" and below, "Summary of the Principal Transaction Documents — Servicing Agency Agreement"*))) will also be governed by the laws of the Sultanate of Oman. In the case of a purchase of Additional Asset(s), the Additional Asset(s) and the Relevant Lease Asset(s) in existence immediately prior to the Additional Assets Purchase Date (as defined in the relevant Supplement Purchase Agreement), will, together, be leased to the Government under a replacement Supplemental Lease Agreement.

Pursuant to the Lease Agreement, the Trustee (in its capacity as lessor) may lease to the Government (in its capacity as lessee), and the Government may lease from the Trustee, the Relevant Lease Asset(s) during renewable Rental Periods commencing on the Lease Commencement Date (each such expression having the meaning given to it in the relevant Lease Agreement) and extending to the Scheduled Dissolution Date of the relevant Series of Trust Certificates (unless the relevant Supplemental Lease Agreement is terminated earlier in accordance with its terms or extended until the payment of any Outstanding Exercise Price in accordance with the Purchase Undertaking (and as defined therein)).

The Government (in its capacity as lessee) will agree to use the Relevant Lease Asset(s) at its own risk. Accordingly, the Government shall from the date of the relevant Supplemental Lease Agreement bear the entire risk of loss of or damage to the Relevant Lease Asset(s) or any part thereof arising from the usage or operation thereof by it to the extent that such loss or damage has resulted from the Government's gross negligence, wilful default, actual fraud, or breach of its obligations under the relevant Supplemental Lease Agreement. In addition, the Trustee (as lessor) shall not be liable (and the Government (as lessee) will waive any claim or right, howsoever arising, to the contrary) for any indirect, consequential or other losses, howsoever arising, in connection with the Government's use or operation of the Relevant Lease Asset(s).

Under the Supplemental Lease Agreement, the Government (in its capacity as lessee) will agree to be responsible, at its own cost and expense, for the performance of all Ordinary Maintenance and Repair (as defined in the Master Lease Agreement) required for any Relevant Lease Asset(s). The Trustee (in its capacity as lessor) shall be responsible for (i) the performance of all Major Maintenance and Structural Repair (as defined in the Master Lease Agreement), (ii) the payment of any proprietorship or other relevant Taxes (as defined in the Master Lease Agreement) (excluding all Taxes that are by law imposed, charged or levied against a lessee or a tenant) and (iii) insuring any Relevant Lease Asset(s) in accordance with the terms of the Servicing Agency Agreement, and the Government (as lessee) will acknowledge that the Trustee (as lessor) may procure that the Servicing Agent, in accordance with the terms and conditions set out in the Servicing Agency Agreement, shall perform, or shall procure the performance of, Major Maintenance and Structural Repair, the payment of such Taxes and the insurance of such Relevant Lease Asset(s), on behalf of the Trustee (in its capacity as lessor).

All payments by the Government (as lessee) to the Trustee (as lessor) under a Lease Agreement shall be made free and clear of, and without any deduction or withholding, for any Taxes, unless required by law and without set-off (save as provided below) or counterclaim of any kind and, in the event that there is any such deduction or withholding, the Government (as lessee) will agree under the relevant Supplemental Lease Agreement to pay such additional amounts as will result in the receipt by the Trustee (as lessor) of such amounts as would have been received by it if no such deduction or withholding had been required.

An amount equal to: (i) the Supplementary Rental (if any) (as defined in the relevant Supplemental Lease Agreement) payable by the Government (in its capacity as lessee) as (or as part of any) Rental; and (ii) any Service Charge Amounts to be paid by the Trustee (in its capacity as lessor) to the Servicing Agent pursuant to the Servicing Agency Agreement, shall be set off against one another.

The payment obligations of the Government (in its capacity as lessee) under any Lease Agreement are and will be direct, unconditional, unsubordinated and (subject to the negative pledge provisions described in the Purchase Undertaking) unsecured obligations of the Government (in its capacity as lessee) and rank and (subject to the negative pledge provisions described in the Purchase Undertaking) will rank *pari passu*, without any preference among themselves, with all other Relevant Indebtedness of the Government (as lessee), from time to time outstanding, **provided, further, that** the Government (as lessee) shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other Relevant Indebtedness and, in particular, shall have no obligation to pay other Relevant Indebtedness at the same time or as a condition of paying sums due under the relevant Supplemental Lease Agreement and *vice versa*.

The Government (in its capacity as lessee) will agree to indemnify the Trustee (as lessor) for any losses arising out of or in connection with any breach by the Government of its obligations under any Lease Agreement.

"Relevant Indebtedness" means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities (including *Shari'a*-compliant certificates) 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.

Purchase Undertaking

The Purchase Undertaking was executed on 16 May 2017 by the Government (in its capacity as obligor) as a deed in favour of the Trustee and the Delegate and will be governed by English law.

The Government (in its capacity as obligor) has irrevocably undertaken in favour of the Trustee and the Delegate to purchase all of the Trustee's rights, title and interests in, to and under the Relevant Lease Asset(s) (or proportion thereof, as the case may be) for each Series of Trust Certificates on the relevant Scheduled Dissolution Date or, if earlier, on the Dissolution Event Redemption Date or the Certificateholder Put Right Date (if a Certificateholder Put Right is specified as applicable in the applicable Final Terms), of the relevant Series of Trust Certificates. The Exercise Price or Certificateholder Put Right Exercise Price (as the case may be) payable by the Government (as obligor) shall be equal to the aggregate face amount of the Trust Certificates (or Certificateholder Put Right Trust Certificates, as the case may be) then outstanding for relevant Series plus all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Trust Certificates (or Certificateholder Put Right Trust

Certificates, as the case may be) plus, without duplication or double counting, if all of the Trust Certificates of the relevant Series are being redeemed in full, an amount representing any amounts payable by Oman Sovereign Sukuk S.A.O.C. (in any capacity) under the Transaction Documents to which it is a party (including but not limited to, if all of the Trust Certificates of the relevant Series are being redeemed in full, an amount equal to any Service Charge Amounts in respect of which an appropriate Supplementary Rental payment has not been made in accordance with, and as defined in, the relevant Supplemental Lease Agreement) **provided that**, in the case of any amounts payable pursuant to Condition 5.2(a), the Government has received a notification from the Delegate of such amounts by not later than the third Business Day prior to the date on which the Exercise Notice is delivered, plus, without duplication or double counting any other amounts payable on redemption of the Trust Certificates (or the Certificateholder Put Right Trust Certificates, as the case may be) as specified in the applicable Final Terms.

The specific terms applicable to each such sale will be confirmed in a Sale Agreement, to be executed by Oman Sovereign Sukuk S.A.O.C. (in its capacity as seller) and the Government (in its capacity as purchaser) on the relevant Scheduled Dissolution Date, the Dissolution Event Redemption Date or Certificateholder Put Right Date (as the case may be). The form of each such Sale Agreement is scheduled to the Purchase Undertaking. In the case of an exercise of the Certificateholder Put Right only (save where the Trust Certificates of the relevant Series are being redeemed in full), the Government (in its capacity as Lessee) shall also enter into a replacement Supplemental Lease Agreement with the Trustee (in its capacity as lessor) on the terms and subject to the conditions set out in the relevant Exercise Notice. The relevant Exercise Notice shall provide that the Relevant Lease Asset(s), excluding the Certificateholder Put Right Lease Asset(s), will be leased to the Government (in its capacity as lessee) under the replacement Supplemental Lease Agreement. Each Sale Agreement and/or replacement Supplement Lease Agreement shall be governed by the laws of the Sultanate of Oman.

The Government (in its capacity as obligor) has covenanted in the Purchase Undertaking that it will irrevocably and unconditionally fully accept all or any ownership interest the Trustee may have in the Relevant Lease Asset(s) (including any Certificateholder Put Right Lease Asset(s), as the case may be) and, if the Government does not fulfil such covenant or if that ownership interest is disputed or challenged, will fully indemnify the Trustee for the purpose of redemption in full of the relevant Series of Trust Certificates (or the Certificateholder Put Right Trust Certificates, as the case may be) and, accordingly, the amount payable under such indemnity will equal the relevant Exercise Price (or Certificateholder Put Right Exercise Price, as the case may be).

The Government (in its capacity as obligor) will also agree in the Purchase Undertaking that all payments by it under the Purchase Undertaking and the relevant Sale Agreement will be made without any deduction or withholding for Taxes unless required by law and without set-off (save as provided below) or counterclaim of any kind and, in the event that there is any deduction or withholding, the Government (as obligor) shall pay such additional amounts as will result in the receipt by the Trustee of such amounts as would have been received by it had no withholding or deduction had been required.

The amount equal to the Service Charge Amounts to be paid by the Government as part of the Exercise Price or Certificateholder Put Right Exercise Price (as the case may be) payable pursuant to the Purchase Undertaking and any Service Charge Amounts to be paid by the Trustee (in its capacity as lessor) under the Servicing Agency Agreement which has not been paid by way of a payment of Supplementary Rental under the relevant Supplemental Lease Agreement (and as defined therein) shall be set off against one another.

The payment obligations of the Government under the Purchase Undertaking are direct, unconditional, unsubordinated and (subject to the negative pledge provisions described below) unsecured obligations of the Government and rank and (subject to the negative pledge provisions described below) will rank *pari passu*, without any preference among themselves, with all other Relevant Indebtedness of the Government, from time to time outstanding, **provided, further, that** the Government shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other Relevant Indebtedness and, in particular, shall have no obligation to pay other Relevant Indebtedness at the same time or as a condition of paying sums due under the Purchase Undertaking and *vice versa*.

Under the Purchase Undertaking, the Government has undertaken that, so long as any Trust Certificate remains outstanding (as defined in the Trust Deed), the Government (acting in any capacity) will not create and will ensure that no Agency will, create, or have outstanding, any mortgage, charge, lien, pledge

or other security interest (any of the foregoing, a "**Lien**"), upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to its obligations under the Transaction Documents the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution; **provided, however, that** the foregoing shall not apply to any Lien solely incurred for the purpose of financing all or a part of the costs of the acquisition, construction or development of a project, **provided that** the property over which such Lien is granted consists solely of the assets and revenues of such project (including, without limitation, royalties and other similar payments accruing to the Government and/or such Agency (as applicable) generated by the relevant project).

In addition, the Government has agreed that certain events or circumstances shall constitute a "Government Event" (as defined herein).

Sale and Substitution Undertaking

The Sale and Substitution Undertaking was executed on 16 May 2017 by Oman Sovereign Sukuk S.A.O.C. as Trustee as a deed in favour of the Government and will be governed by English law.

Pursuant to the Sale and Substitution Undertaking, subject to the Trustee being entitled to redeem the relevant Series of Trust Certificates pursuant to Conditions 11.2 or 11.5, as specified in the applicable Final Terms, the Government may, by exercising its option under the Sale and Substitution Undertaking and serving notice on Oman Sovereign Sukuk S.A.O.C. no later than 15 days prior to the commencement of the minimum period of notice specified in the Conditions or applicable Final Terms for the group notice to Certificateholders and notice to the Delegate in connection with the exercise of such option, oblige the Trustee to sell, transfer and convey all the Trustee's rights, title and interests in, to and under the Relevant Lease Asset(s) on the Optional Dissolution Date or Clean Up Call Right Dissolution Date (as the case may be). The Exercise Price payable by the Government will be an amount equal to the aggregate face amount of Trust Certificates then outstanding for the relevant Series plus all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Trust Certificates plus, without duplication or double counting, an amount representing any amounts payable by Oman Sovereign Sukuk S.A.O.C. (in any capacity) under the Transaction Documents to which it is a party (including but not limited to, an amount equal to any Service Charge Amounts in respect of which an appropriate Supplementary Rental payment has not been made in accordance with the relevant Supplemental Lease Agreement), **provided that**, in the case of any amounts payable pursuant to Condition 5.2(a), the Government has received a notification from the Delegate of such amounts by not later than the third Business Day prior to the date on which the Exercise Notice is delivered, plus, without duplication or double counting, any other amounts payable on redemption of the Trust Certificates as specified in the applicable Final Terms. The transfer of the Relevant Lease Asset(s) will take effect by the Government (in its capacity as purchaser) and the Trustee (in its capacity as seller) entering into a Sale Agreement (in the form scheduled to the Sale and Substitution Undertaking).

The payment obligations of the Government (in its capacity as purchaser) under the relevant Sale Agreement are direct, unconditional, unsubordinated, (subject to the negative pledge provisions described above) unsecured obligations of the Government and rank and (subject to the negative pledge provisions described below) will rank *pari passu*, without any preference among themselves, with all other Relevant Indebtedness of the Government, from time to time outstanding, **provided, further, that** the Government shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other Relevant Indebtedness and, in particular, shall have no obligation to pay other Relevant Indebtedness at the same time or as a condition of paying sums due under the relevant Sale Agreement and *vice versa*.

The relevant Sale Agreement will provide that the Exercise Price payable pursuant to the exercise of the Sale and Substitution Undertaking will be made without any deduction or withholding for Taxes, unless required by law and without set-off (save as provided below) or counterclaim of any kind and, in the event that there is any deduction or withholding, the Government (in its capacity as purchaser) shall pay such additional amounts as will result in the receipt by the Trustee (in its capacity as seller) of such amounts as would have been received by it if no withholding or deduction had been required. The amount equal to any Service Charge Amounts to be paid by the Government as part of any Exercise Price, which has not been paid by way of a Supplementary Rental payment under the Supplemental Lease Agreement, payable pursuant to the exercise of the Sale and Substitution Undertaking and any Service Charge

Amounts to be paid by Oman Sovereign Sukuk S.A.O.C. (in its capacity as lessor) under the Servicing Agency Agreement shall be set off against one another.

The relevant Sale Agreement will provide that if the Government (as purchaser) fails to pay all or part of any Exercise Price that is due in accordance therewith and the Sale and Substitution Undertaking, any purported exercise of the Government's rights granted under the Sale and Substitution Undertaking (as described above) shall be void and of no effect.

In addition, under the terms of the Sale and Substitution Undertaking, if at any time the Government wishes to cancel any Trust Certificates (the "**Cancelled Lease Asset(s)**") purchased pursuant to Condition 12.1, the Government may, by exercising its option under the Sale and Substitution Undertaking (by serving a Cancellation Notice on the Trustee) oblige the Trustee to transfer all of its rights, title and interests in, to and under the Cancelled Lease Asset(s) to the Government in consideration for which the cancelled Trust Certificates shall be cancelled. The transfer of the Cancelled Lease Asset(s) will take effect by the Government (in its capacity as purchaser) and the Trustee (in its capacity as seller) entering into a Sale Agreement (in the form scheduled to the Sale and Substitution Undertaking). Following the entry into such Sale Agreement, Trustee shall forthwith surrender to the Registrar the relevant Trust Certificates identified for cancellation in the Cancellation Notice on the Cancellation Date (each as defined in the Sale and Substitution Undertaking). In addition, (save where the Trust Certificates of the relevant Series are being cancelled in full), the Government (in its capacity as lessee) shall also enter into a replacement Supplemental Lease Agreement with the Trustee (in its capacity as lessor) on the terms and subject to the conditions set out in the relevant Cancellation Notice. The Cancellation Notice shall provide that any Relevant Lease Asset(s) not cancelled will be leased to the Government (in its capacity as lessee) under the replacement Supplemental Lease Agreement.

Furthermore, pursuant to the terms of the Sale and Substitution Undertaking, the Trustee has granted to the Government the right to require the Trustee to sell all of its rights, title and interests in, to and under the Substituted Lease Asset(s) (as defined in the Sale and Substitution Undertaking) to it in exchange for delivery to the Trustee of New Asset(s) (as defined in the Sale and Substitution Undertaking) of a value (as determined by the relevant internal Government valuation of the New Asset(s) on the relevant Substitution Date (as defined in the Sale and Substitution Undertaking)) which is equal to or greater than the value (as determined by reference to the relevant internal Government valuation on the date on which the Substituted Lease Asset(s) was/were acquired by the Trustee) of the Substituted Lease Asset(s).

The substitution of the Substituted Lease Asset(s) with the New Asset(s) will become effective on the Substitution Date (as specified in the Substitution Notice to be delivered by the Government in accordance with the Sale and Substitution Undertaking and each as defined in the Sale and Substitution Undertaking) by the Trustee (in its capacity as seller) and the Government (in its capacity as purchaser) entering into a Sale Agreement and the relevant replacement Supplemental Lease Agreement being executed in the manner provided for in the Substitution Notice. The Sale Agreement will effect the transfer of ownership rights in the Substituted Lease Asset(s) from the Trustee to the Government and the Substitution Notice will provide that the New Asset(s) and any Relevant Lease Asset(s) not replaced will be leased to the Government (in its capacity as lessee) under the replacement Supplemental Lease Agreement.

Each Sale Agreement and/or replacement Supplemental Lease Agreement shall be governed by the laws of the Sultanate of Oman.

Servicing Agency Agreement

The Servicing Agency Agreement was entered into on 16 May 2017 by the Trustee (in its capacity as lessor and the Government (in its capacity as servicing agent), and will be governed by English law.

Pursuant to the Servicing Agency Agreement, the Government (as servicing agent) will be responsible on behalf of the Trustee (as lessor) for the carrying out of all Major Maintenance and Structural Repair (as defined in the Master Lease Agreement), the payment of Proprietorship Taxes (as defined in the Servicing Agency Agreement) (if any) charged, levied or claimed on the Relevant Lease Asset(s) and for effecting all appropriate Insurances in respect of the Lease Asset(s). If a Total Loss Event occurs, the Servicing Agent shall be responsible for ensuring that all proceeds of Insurances in respect thereof (if any) are each paid in the Specified Currency directly into the Transaction Account by no later than the 30th day after the occurrence of the Total Loss Event.

Notwithstanding the appointment of the Servicing Agent, the Trustee (in its capacity as lessor) shall, at its own cost and expense, be responsible for the performance of all Ordinary Maintenance and Repair (as defined in the Master Lease Agreement) required for the Relevant Lease Asset(s).

The Servicing Agency Agreement provides that if on the occurrence of a Total Loss Event the Servicing Agent receives notice from the Government that the Replacement Lease Asset(s) (as defined in the Servicing Agency Agreement) is/are available on or before the 30th day after the occurrence of the Total Loss Event, the Trustee shall purchase such Replacement Lease Assets from the Government by way of the payment by the Government (in its capacity as Servicing Agent) on behalf of the Trustee of the proceeds of the Insurances (or the assignment of the rights to such proceeds) to or to the order of the Government and the transfer to the Government by the Trustee of any residual interest it may hold in the Relevant Lease Asset(s) (including any remaining rights in respect of any proceeds of the Insurances), in each case, on the terms and subject to the conditions of an agreement substantially in the form of a Supplemental Purchase Agreement in consideration for the sale, transfer and conveyance by the Government of the Replacement Lease Asset(s) to the Trustee.

The replacement of the Relevant Lease Asset(s) with the Replacement Lease Asset(s) shall be subject to a replacement Supplemental Lease Agreement being entered into between the Government (in its capacity as lessee) and the Trustee (in its capacity as lessor) which shall specify the details of the Replacement Lease Asset(s).

If a Total Loss Event occurs and the Relevant Lease Asset(s) are not replaced as discussed above, the occurrence of a Total Loss Event will result in the redemption of the Trust Certificates of that Series and the consequent dissolution of the relevant Trust no later than the 31st day of after the occurrence of such Total Loss Event (being the "**Total Loss Dissolution Date**").

If the amount of the proceeds of Insurances (if any) credited to the Transaction Account (as described above) is less than the Full Reinstatement Value (the difference between the Full Reinstatement Value and the amount credited to the Transaction Account being the "**Total Loss Shortfall Amount**"), the Servicing Agent shall be responsible for paying the Total Loss Shortfall Amount directly into the Transaction Account by no later than close of business in London on the 30th day after the Total Loss Event has occurred, such that the amount standing to the credit of the Transaction Account on the Total Loss Dissolution Date represents the aggregate of the proceeds of Insurances payable in respect of a Total Loss Event (if any) and the Total Loss Shortfall Amount payable by the Servicing Agent in accordance with the terms of the Servicing Agency Agreement.

CLEARING AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Clearstream, Luxembourg or Euroclear (together, the "**Clearing Systems**") currently in effect. 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 Trustee, the Government, the Delegate 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 Trust Certificates held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

Words and expressions defined in the Conditions shall have the same meanings in this section, "Clearing and Settlement".

DTC Book-Entry

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**").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**DTC Rules**"), DTC makes book-entry transfers of Trust Certificates among Direct Participants on whose behalf it acts with respect to Trust Certificates accepted into DTC's book-entry settlement system ("**DTC Certificates**") as described below and receives and transmits distributions of Dissolution Amounts and Periodic Distribution Amounts on DTC Certificates. The DTC Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Certificates ("**Beneficial Owners**") have accounts with respect to the DTC Certificates 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 Certificates through Direct Participants or Indirect Participants will not possess Trust Certificates, 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 Certificates.

Purchases of DTC Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Certificates on DTC's records. The ownership interest of each actual purchaser of each DTC Certificate ("**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 Certificates 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 Certificates, except in the event that use of the book-entry system for the DTC Certificates is discontinued.

To facilitate subsequent transfers, all DTC Certificates 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 Certificates 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 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Certificates 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Certificates unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee 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 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Dissolution Amounts and Periodic Distribution Amounts on the DTC Certificates 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 Trustee 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 Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of Dissolution Amounts and Periodic Distribution Amounts to DTC is the responsibility of the Trustee, 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 the occurrence of an Exchange Event (see "*Form of the Trust Certificates*"), including if there is a Dissolution Event under the Trust Certificates, DTC will exchange the DTC Certificates for definitive Trust Certificates, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Restricted Global Trust Certificate, will be legended as set forth under "*Subscription and Sale*" and "*Transfer Restrictions*".

A Beneficial Owner shall give notice to elect to have its DTC Certificates purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Certificates by causing the Direct Participant to transfer the Participant's interest in the DTC Certificates, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Certificates in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Certificates are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Certificates to the relevant agent's DTC account.

DTC may discontinue providing its services as depository with respect to the DTC Certificates at any time by giving reasonable notice to the Trustee or the relevant agent. Under such circumstances, in the event that a successor depository is not obtained, DTC Certificates are required to be printed and delivered.

The Trustee may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, DTC 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 Beneficial Owner desiring to pledge DTC Certificates to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Certificates, will be required to withdraw its Trust Certificates 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 Certificates

The Trustee may apply to DTC in order to have any Series of Trust Certificates represented by a Global Trust Certificate accepted in its book-entry settlement system. Upon the issue of any such Global Trust 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 Trust 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(s). Ownership of beneficial interests in such a Global Trust Certificate will be limited to Direct Participants or Indirect Participants, including, in the case of any Unrestricted Global Trust Certificate (as defined herein), the respective depositories of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Global Trust 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 any amount in respect of a Global Trust Certificate accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Global Trust Certificate. In the case of any payment in a currency other than U.S. dollars, payment will be made to the an exchange agent on behalf of DTC or its nominee and the relevant 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 Trust 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 conversion (net of all applicable costs of exchange) shall be credited to the applicable Participants' account(s).

The Trustee 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 on the Record Date unless DTC has reason to believe that it will not receive payment on such payment date. The Trustee also expects that payments by Participants to beneficial owners of Trust Certificates 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 Principal Paying Agent, the Registrar or the Trustee. Payment of Dissolution Amounts and Periodic Distribution Amounts on Trust Certificates to DTC is the responsibility of the Trustee.

Transfers of Trust Certificates Represented by Global Trust Certificates

Transfers of any interests in Trust Certificates represented by a Global Trust Certificate within DTC, Euroclear and/or 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 Trust Certificates represented by a Global Trust Certificate to such persons may depend upon the ability to exchange such Global Trust Certificate for Trust Certificates 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 Trust Certificates represented by a Global Trust Certificate accepted by DTC to pledge such Trust Certificates to persons or

entities that do not participate in the DTC system or otherwise to take action in respect of such Trust Certificates may depend upon the ability to exchange such Trust Certificates for Trust Certificates in definitive form. The ability of any holder of Trust Certificates represented by a Global Trust Certificate accepted by DTC to resell, pledge or otherwise transfer such Trust Certificates may be impaired if the proposed transferee of such Trust Certificates is not eligible to hold such Trust Certificates through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Trust Certificates described under "*Subscription and Sale*" and "*Transfer Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear 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 Principal Paying Agent and any depositary or custodian with whom the relevant Global Trust Certificates have been deposited.

On or after the Issue Date for any Series, transfers of Trust Certificates of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Trust Certificates 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 Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Global Trust Certificates will be effected through the Registrar, the Principal Paying Agent and the custodian or depositary, as applicable, 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 Clearstream, Luxembourg or Euroclear 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, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Trust Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. 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 Trustee, the Government, the Delegate, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear 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 Trust Certificates represented by Global Trust Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TRANSFER RESTRICTIONS

Words and expressions defined in the Conditions shall have the same meanings in this section, "Transfer Restrictions".

Each purchaser of Trust Certificates within the United States pursuant to Rule 144A, by accepting delivery of this Base Prospectus, will be deemed to have represented, agreed and acknowledged that:

- (1) It (a) is a QIB that is also a QP; (b) is not a broker-dealer that owns and invests on a discretionary basis less than U.S.\$25 million in securities of unaffiliated issuers; (c) is not a participant-directed employee plan, such as a 401(k) plan; (d) is acquiring such Trust Certificates for its own account or for the account of one or more QIBs, each of which is also a QP; (e) was not formed for the purpose of investing in the Trust Certificates or the Trustee; and (f) is aware, and each beneficial owner of such Trust Certificates has been advised, that the sale of such Trust Certificates to it is being made in reliance on Rule 144A.
- (2) It will (a) along with each account for which it is purchasing, hold and transfer interests in the Trust Certificates in a principal amount that is not less than U.S.\$250,000; and (b) provide notice of the transfer restrictions set forth herein to any subsequent transferees. In addition, it understands that the Trustee may receive a list of participants holding positions in the Trustee's securities from one or more book entry depositories.
- (3) The Trust Certificates have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB who is also a QP purchasing for its own account or for the account of one or more QIBs who are also QPs as to which it exercises sole investment discretion; (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S; (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available); or (d) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any State of the United States, and it will, and each subsequent holder of the Trust Certificates will be required to, notify any purchaser of the Trust Certificates from it of the resale restrictions of the Trust Certificates.
- (4) The purchaser understands that any sale or transfer of the Trust Certificates (or of any beneficial interest therein) to a person that does not comply with the requirements set forth in these "Transfer Restrictions" will be null and *void ab initio* and not honoured by the Trustee. It further understands that if at any time the Trustee determines in good faith that a holder of the Trust Certificates (or of any beneficial interest therein) is in breach, at the time given, of any of the representations and agreements contained in these "Transfer Restrictions", the Trustee may require such holder to transfer such Trust Certificate (or beneficial interest therein) to a transferee acceptable to the Trustee who is able to and who does make all of the representations and agreements set forth in these "Transfer Restrictions". Pending such transfer, such holder will be deemed not to be the holder of such Trust Certificates for any purpose, including but not limited to receipt of Dissolution Amounts and Periodic Distribution Amounts, and such holder will be deemed to have no interest whatsoever in such Trust Certificates except as otherwise required to sell its interest therein as described in this paragraph.
- (5) Trust Certificates sold in the offering will constitute "restricted securities" within the meaning of Rule 144 under the Securities Act, and for so long as they remain "restricted securities" such Trust Certificates may not be transferred except as described in subparagraph (3) above;
- (6) Such Trust Certificates, unless the Trustee determines otherwise in compliance with applicable law, will bear a legend to the following effect:

"THIS TRUST CERTIFICATE HAS 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 ACCORDINGLY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED OR DISPOSED OF EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (A "**QIB**") WITHIN THE MEANING OF RULE 144A WHO IS ALSO A QUALIFIED PURCHASER (A "**QP**") AS DEFINED IN SECTION 2(A)(51)(A) OF THE INVESTMENT COMPANY ACT PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF ONE OR MORE QIBs WHO ARE ALSO QPs AS TO WHICH THE PURCHASER EXERCISES SOLE INVESTMENT DISCRETION AND WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT, AND IN AN AMOUNT FOR EACH ACCOUNT OF NOT LESS THAN U.S.\$250,000 OR (2) IN AN OFFSHORE TRANSACTION TO A NON-U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT "**REGULATION S**") IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S, IN AN AMOUNT FOR EACH ACCOUNT OF NOT LESS THAN U.S.\$250,000 AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE TRUST CERTIFICATES REPRESENTED HEREBY OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE OR EFFECT AND WILL BE VOID *AB INITIO* AND NOT HONoured BY THE TRUSTEE. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF ANY EXEMPTION UNDER THE SECURITIES ACT FOR REALES OF THIS TRUST CERTIFICATE.

IF THE BENEFICIAL OWNER HEREOF IS A U.S. PERSON WITHIN THE MEANING OF REGULATION S, SUCH BENEFICIAL OWNER REPRESENTS THAT: (1) IT IS A QIB THAT IS ALSO A QP; (2) 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; (3) IT IS NOT A PARTICIPANT-DIRECTED EMPLOYEE PLAN, SUCH AS A 401(K) PLAN; (4) IT IS HOLDING THE TRUST CERTIFICATES REPRESENTED HEREBY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBs, EACH OF WHICH IS A QP; (5) IT WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE TRUSTEE OR THE TRUST CERTIFICATES REPRESENTED HEREBY; (6) IT, AND EACH ACCOUNT FOR WHICH IT HOLDS TRUST CERTIFICATES, WILL HOLD AND TRANSFER AT LEAST U.S.\$250,000; (7) IT UNDERSTANDS THAT THE TRUSTEE MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK ENTRY DEPOSITARIES; AND (8) IT WILL PROVIDE NOTICE OF THE FOREGOING TRANSFER RESTRICTIONS TO ITS SUBSEQUENT TRANSFEREES.

THE BENEFICIAL OWNER HEREOF HEREBY ACKNOWLEDGES THAT IF AT ANY TIME WHILE IT HOLDS AN INTEREST IN THIS TRUST CERTIFICATE IT IS NOT A QIB AND A QP, THE TRUSTEE MAY (A) COMPEL IT TO SELL ITS INTEREST IN THIS TRUST CERTIFICATE TO A PERSON WHO IS (I) A QIB AND A QP THAT IS OTHERWISE QUALIFIED TO PURCHASE THE TRUST CERTIFICATES REPRESENTED HEREBY IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR (II) NOT A U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S OR (B) COMPEL THE BENEFICIAL OWNER TO SELL ITS INTEREST IN THE TRUST CERTIFICATES REPRESENTED HEREBY TO THE TRUSTEE OR AN AFFILIATE OF THE TRUSTEE OR TRANSFER ITS INTEREST IN THIS TRUST CERTIFICATE TO A PERSON DESIGNATED BY OR ACCEPTABLE TO THE TRUSTEE AT A PRICE EQUAL TO THE LESSER OF (X)

THE PURCHASE PRICE THEREFOR PAID BY THE BENEFICIAL OWNER, (Y) 100 PER CENT OF THE FACE AMOUNT THEREOF OR (Z) THE FAIR MARKET VALUE THEREOF. THE TRUSTEE HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF AN INTEREST IN THE TRUST CERTIFICATES REPRESENTED HEREBY TO A U.S. PERSON WHO IS NOT A QIB AND A QP. THE TRUSTEE HAS NOT BEEN AND WILL NOT BE REGISTERED AS AN INVESTMENT COMPANY IN THE UNITED STATES UNDER THE INVESTMENT COMPANY ACT.

BY ACCEPTING THIS TRUST CERTIFICATE (OR ANY INTEREST IN THE TRUST CERTIFICATES REPRESENTED HEREBY) EACH BENEFICIAL OWNER HEREOF, AND EACH FIDUCIARY ACTING ON BEHALF OF THE BENEFICIAL OWNER (BOTH IN ITS INDIVIDUAL AND CORPORATE CAPACITY), WILL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT, DURING THE PERIOD IT HOLDS ANY INTEREST IN THIS TRUST CERTIFICATE: (A) IT IS NOT, AND IT IS NOT ACTING ON BEHALF OF AN "**EMPLOYEE BENEFIT PLAN**" (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**")) SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A "**PLAN**" AS DEFINED IN AND TO WHICH SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED ("**CODE**") APPLIES, OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "**PLAN ASSETS**" BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN SUCH ENTITY (EACH, A "**BENEFIT PLAN INVESTOR**"), AND NO PART OF THE ASSETS TO BE USED BY IT TO PURCHASE OR HOLD SUCH TRUST CERTIFICATES OR ANY INTEREST HEREIN CONSTITUTES THE ASSETS OF ANY BENEFIT PLAN INVESTOR; AND (B) IF IT IS, OR IS ACTING ON BEHALF OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR ANY ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED TO INCLUDE THE ASSETS OF ANY SUCH PLAN SUCH ACQUISITION, HOLDING AND DISPOSITION DOES NOT AND WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY LAWS THAT ARE SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE AND WILL NOT SUBJECT THE TRUSTEE OR ANY TRANSACTIONS THEREBY TO ANY LAWS, RULES OR REGULATIONS APPLICABLE TO SUCH PLAN AS A RESULT OF THE INVESTMENT IN THE TRUSTEE BY SUCH PLAN. NO PURCHASE BY OR TRANSFER TO A BENEFIT PLAN INVESTOR OF THIS TRUST CERTIFICATE, OR ANY INTEREST HEREIN, WILL BE EFFECTIVE, AND NEITHER THE TRUSTEE NOR THE DELEGATE WILL RECOGNISE ANY SUCH ACQUISITION OR TRANSFER. IN THE EVENT THAT THE TRUSTEE DETERMINES THAT THIS TRUST CERTIFICATE IS HELD BY A BENEFIT PLAN INVESTOR, THE TRUSTEE MAY CAUSE A SALE OR TRANSFER IN THE MANNER DESCRIBED IN THE OFFERING MEMORANDUM.

THE TRUSTEE MAY COMPEL EACH BENEFICIAL OWNER OF THE TRUST CERTIFICATES REPRESENTED HEREBY TO CERTIFY PERIODICALLY THAT SUCH BENEFICIAL OWNER IS A QIB AND A QP";

- (7) It understands that the Trustee, the Government, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements;
- (8) It understands and acknowledges that the Trustee has not registered and does not intend to register as an "investment company" (as such term is defined in the Investment Company Act and related rules) and that the Trustee has imposed the transfer and offering restrictions with respect to persons in the United States and U.S. persons described herein so that the Trustee will qualify for the exemption provided under Section 3(c)(7) of the Investment Company Act and will have no obligation to register as an investment company in the United States;

- (9) It agrees that neither it, nor any of its affiliates, nor any person acting on its or their behalf, will make "directed selling efforts" as defined in Regulation S, or any "general solicitation or general advertising" as defined in Regulation D under the Securities Act, with respect to the Trust Certificates; and
- (10) The Trustee, the Government, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. The purchaser or transferee of the Trust Certificates agrees that if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of the Trust Certificates are no longer accurate, it shall promptly notify the Trustee, the Government and the Dealers. If it is acquiring any Trust Certificate as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of the Trust Certificates may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

ERISA Transfer Restrictions

Each purchaser or transferee of the Trust Certificates (or any interest in a Trust Certificate) will be deemed to have acknowledged, represented and agreed that (a) it is not and is not acting on behalf of: (i) a Plan (as defined in "*ERISA Considerations*"), or (ii) a governmental, church or non-U.S. plan or entity whose underlying assets are deemed to include the assets of any such plan, unless, under this subsection (ii), the acquisition, holding and disposition of the Trust Certificate would not result in a violation of any Similar Law (as defined in "*ERISA Considerations*") or subject the Trustee or any transaction thereby to any such Similar Law and (b) it will not sell or otherwise transfer any Trust Certificates or interest to any person unless the same foregoing representations and warranties apply to that person.

TAXATION

The following is a general description of certain Oman and U.S. Federal tax considerations relating to the Trust Certificates. It does not purport to be a complete analysis of all tax considerations relating to the Trust Certificates, whether in those jurisdictions or elsewhere. Prospective purchasers of Trust Certificates should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Trust Certificates and receiving payments under the Trust Certificates and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Omani Taxation

The following is a summary of the principal Omani tax consequences of ownership of the Trust Certificates by beneficial owners which are not incorporated in or who are not residents of Oman for Omani tax purposes and do not conduct business activities in Oman ("**Non-Omani Holders**"). This summary does not purport to consider all of the possible Omani tax consequences of the purchase, ownership and disposition of the Trust Certificates and is not intended to reflect the individual tax position of any Certificateholders. This summary is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change. This summary does not include any description of the tax laws of any state, local or foreign governments (other than Oman) that may be applicable to the Trust Certificates or the holders thereof.

Persons considering an investment in the Trust Certificates should consult their own tax advisers concerning the application of Omani tax laws to their particular situation as well as any consequences of the purchase, ownership and disposition of the Trust Certificates arising under the laws of any other taxing jurisdiction.

While payments of Dissolution Amounts on the Trust Certificates by the Trustee to Non-Omani Holders will not be subject to Omani withholding tax, payments of Periodic Distribution Amounts on the Trust Certificates by the Trustee to Non-Omani Holders will be subject to Omani withholding tax as a consequence of the Tax Amendments (see "*Public Finance—Taxation—Corporate Income Tax*"). With regards to any such withholding and/or deductions made on account of withholding tax payable in respect of payments of Periodic Distribution Amounts and any withholding and/or deductions required by law in relation to payments of Dissolution Amounts in the future, the Trustee has agreed to pay such additional amounts as will result in receipt by the Certificateholders of such amounts as would have been received by them had no such withholding or deduction been required, except in certain limited circumstances described in "*Terms and Condition of the Trust Certificates – Taxation*".

Payments of Dissolution Amounts and Periodic Distribution Amounts by the Trustee to Non-Omani Holders will not be subject to Omani income taxes in Oman. Furthermore, Non-Omani Holders are not subject to Omani tax on any capital gains derived from a sale of the Trust Certificates. No Omani stamp duty will be imposed on Non-Omani Holders either upon the issuance of the Trust Certificates or upon a subsequent transfer of the Trust Certificates.

Proposed changes to tax law

The GCC member states are in the process of developing a broad framework for the introduction of VAT. The framework agreement will set out the underlying principles of VAT laws for the six GCC countries, with the likelihood that there will be areas where member states will have some flexibility to determine their own requirements. Whilst there is no VAT applicable in Oman at the date of this Base Prospectus, the Secretariat General of Taxation has stated that VAT is expected to be implemented in Oman in 2018. As far as the Trustee and the Government are aware, the proposed Tax Amendments have no impact on the position regarding the applicability of VAT to payments under the Trust Certificates.

Certain U.S. Federal Income Tax Considerations

The following summary of certain U.S. federal income tax considerations of the purchase, ownership and disposition of the Trust Certificates by a U.S. Holder (as defined below) is based upon the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), final, temporary and proposed Treasury regulations issued thereunder, and published judicial and administrative interpretations thereof, each as of the date

hereof, and all of which are subject to change, possibly with retroactive effect. 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, a court would uphold such statement or conclusion.

This summary does not purport to be a complete analysis of all potential tax consequences. This discussion does not address all of the U.S. federal income tax consequences that may be relevant to an investor in light of such investor's particular circumstances or to investors subject to special treatment under U.S. federal income tax laws, such as financial institutions, certain U.S. expatriates, insurance companies, retirement plans, dealers in securities or foreign currencies, traders in securities that elect mark-to-market tax accounting, U.S. Holders whose functional currency is not the U.S. dollar, partnerships, tax-exempt organisations, regulated investment companies, real estate investment trusts, persons subject to alternative minimum tax or the medicare unearned income tax or surtax, and persons holding the Trust Certificates as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction. In addition, this discussion is limited to persons that purchase the Trust Certificates for cash at original issue and at their "issue price" (generally, the first price at which a substantial amount of the Trust Certificates is sold to the public for cash) and that hold the Trust Certificates as capital assets for U.S. federal income tax purposes.

For purposes of this discussion, the term "**U.S. Holder**" means a beneficial owner of a Trust Certificate that is, for U.S. federal income tax purposes, (i) an individual that is a citizen or resident of the United States, (ii) a corporation created or organised in, or under the laws of, the United States, any state therein or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source, or (iv) a trust primarily supervised by a U.S. court and controlled by U.S. persons.

If an entity or arrangement classified as a partnership for U.S. federal income tax purposes invests in Trust Certificates, the U.S. federal income tax treatment of a partner in such partnership will generally depend upon the status of such partner and the activities of the partnership. Prospective investors that are partnerships, and partners in such partnerships, should consult their own tax advisers to determine the U.S. federal income tax consequences to them of the purchase, ownership and disposition of the Trust Certificates.

Prospective purchasers of the Trust Certificates should consult their own tax advisers concerning the tax consequences of investing in Trust Certificates in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of state, local, non-U.S. other tax laws.

This summary assumes that the Trust Certificates are not characterized as contingent payment debt instruments for U.S. federal income tax purposes. To the extent that Trust Certificates are treated as contingent payment debt instruments for U.S. federal income tax purposes, the U.S. federal income tax consequences of holding such Trust Certificates will be discussed in the applicable prospectus supplement. This summary should be read in conjunction with any discussion of U.S. federal income tax consequences in the applicable prospectus supplement. To the extent there is any inconsistency in the discussion of U.S. tax consequences to holders between this Base Prospectus and the applicable prospectus supplement, holders should rely on the tax consequences described in the applicable prospectus supplement instead of this Base Prospectus.

Classification of the Trust Certificates

The Issuer and the Trustee intend to treat the Trust Certificates as representing a beneficial interest in indebtedness for U.S. federal income tax purposes and each holder and beneficial owner of a Trust Certificate, by acceptance of such Trust Certificate or a beneficial interest therein, will likewise agree to treat the Trust Certificates as representing a beneficial interest in indebtedness for such purposes. This treatment is not binding on the IRS and no ruling will be sought from the IRS regarding this or any other aspect of the tax treatment of the Trust Certificates. It is possible that the IRS could successfully argue that the Trust Certificates should be treated as equity interests in the Issuer. If the Trust Certificates were treated as equity interests in the Issuer, U.S. Holders likely would be treated as owning interests in a passive foreign investment company (or "**PFIC**"), which could have materially adverse tax consequences for such U.S. Holders. Prospective investors should seek advice from their own tax advisors as to the consequences to them of alternative characterisations of the Trust Certificates, the possibility that the

Trust Certificates might be classified as equity interests in a PFIC and the consequences of owning an equity interest in a PFIC. The remainder of this discussion assumes that the Trust Certificates represent a beneficial interest in indebtedness for U.S. federal income tax purposes.

Payments of Periodic Distribution Amounts

Except as discussed below under "Original Issue Discount," payments of Periodic Distribution Amounts on the Trust Certificates (including any additional amounts payable pursuant to the Conditions) will be treated as payments of profit and generally will be taxable to a U.S. Holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. Holder's usual method of accounting for U.S. federal income tax purposes.

A U.S. Holder may, subject to certain limitations, be eligible to claim a credit or deduction in respect of any non-U.S. taxes that are withheld from payments on the Trust Certificates for purposes of computing its U.S. federal income tax liability. Periodic Distribution Amounts and original issue discount ("**OID**"), if any, received or accrued on the Trust Certificates and additional amounts payable pursuant to the Conditions generally will constitute foreign source income to U.S. Holders for U.S. federal income tax purposes and generally will be considered "passive" income for purposes of the rules related to calculating foreign tax credits. The rules relating to foreign tax credits are complex and U.S. Holders should consult their own tax advisers with regard to the availability and calculation of foreign tax credits and the application of the foreign tax credit rules to their particular situation. Special rules governing the treatment of Periodic Distribution Amounts paid with respect to original issue discount Trust Certificates and foreign currency Trust Certificates (each as defined below) are described under "*—Original Issue Discount*" and "*—Foreign Currency Trust Certificates.*"

Original Issue Discount

A Trust Certificate that has an "issue price" (as defined above) that is less than its "stated redemption price at maturity" will be considered to have been issued with OID for U.S. federal income tax purposes (and will be referred to as an "**original issue discount Trust Certificate**") unless the Trust Certificate satisfies a *de minimis* threshold (as described below). The "stated redemption price at maturity" of a Trust Certificate generally will equal the sum of all payments required to be made under the Trust Certificate 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 Trust Certificate 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 Trust Certificate is denominated.

If the difference between a Trust Certificate'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 Trust Certificate will not be considered to have OID. U.S. Holders of the Trust Certificates with less than a *de minimis* amount of OID will include this OID in income, as capital gain, on a *pro rata* basis as principal payments are made on the Trust Certificate.

U.S. Holders of original issue discount Trust Certificates that mature more than one year from their date of issuance will be required to include OID in income for U.S. federal 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. Holders generally will have to include in taxable income increasingly greater amounts of OID in successive accrual periods.

A U.S. Holder may make an election to include in gross income all interest that accrues on any particular Trust Certificate (including stated interest, acquisition discount, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium or acquisition premium, as described below) 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. However, if the Trust Certificate has amortisable bond premium (discussed below), the U.S. Holder will be deemed to have made an election to apply amortisable bond premium

against interest for all debt instruments with amortisable bond premium, other than instruments the interest on which is excludable from gross income, held as of the beginning of the taxable year to which the election applies or to any taxable year thereafter. If a U.S. Holder makes a constant yield election with respect to a Trust Certificate with market discount (discussed below), the U.S. Holder 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. Holder on or after the first day of the first taxable year to which such election applies. U.S. Holders should consult their tax advisors about making this election in light of their particular circumstances.

A Trust Certificate that matures one year or less from its date of issuance (a "**short-term Trust Certificate**") will be treated as being issued at a discount and none of the interest paid on the Trust Certificate will be treated as qualified stated interest regardless of its issue price. In general, a cash method U.S. Holder of a short-term Trust Certificate 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 Trust Certificates as ordinary income upon receipt. Cash method U.S. Holders who do elect to accrue the discount and certain other holders, 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. Holder 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 Trust Certificate 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. Holders will be required to defer deductions for any interest paid on indebtedness incurred to purchase or carry short-term Trust Certificates 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. Holders may have an unconditional option to require the Issuer to redeem, a Trust Certificate prior to its stated maturity date. Under applicable regulations, if the Issuer has an unconditional option to redeem a Trust Certificate prior to its stated maturity date, this option will be presumed to be exercised if, by utilizing any date on which the Trust Certificate may be redeemed as the maturity date and the amount payable on that date in accordance with the terms of the Trust Certificate as the stated redemption price at maturity, the yield on the Trust Certificate would be lower than its yield to maturity. If the U.S. Holders have an unconditional option to require the Issuer to redeem a Trust Certificate 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 Trust Certificate 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 Trust Certificate would be treated solely for purposes of calculating OID as if it were redeemed, and a new Trust Certificate were issued, on the presumed exercise date for an amount equal to the Trust Certificate's adjusted issue price on that date. The adjusted issue price of an original issue discount Trust Certificate is defined as the sum of the issue price of the Trust Certificate and the aggregate amount of previously accrued OID, less any prior payments other than payments of qualified stated interest.

Variable Interest Rate Trust Certificates

Trust Certificates that provide for interest at variable rates (**Variable Interest Rate Trust Certificates**) generally will bear interest at a "qualified floating rate" and thus will be treated as "variable rate debt instruments" under U.S. Treasury regulations governing accrual of OID. A Variable Interest Rate Trust Certificate will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Trust Certificate by more than an amount equal to the lesser of (i) 0.015 multiplied by the product of such total noncontingent principal payments and the number of complete years to maturity of the instrument (or, in the case of a Trust Certificate providing for the payment of any amount other than qualified stated interest prior to maturity, multiplied by the weighted average maturity of the Trust Certificate) or (ii) 15 percent of the total noncontingent principal payments, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A **qualified floating rate** is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Trust Certificate is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Trust Certificate (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Trust Certificate's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Trust Certificate.

An **objective rate** is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Trust Certificate will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Trust Certificate's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Trust Certificate's term. A **qualified inverse floating rate** is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Trust Certificate provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Trust Certificate's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a "current value" of that rate. A **current value** of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Trust Certificate that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a "variable rate debt instrument", then any stated interest on the Trust Certificate which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Trust Certificate that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" generally will not be treated as having been issued with OID unless the Variable Interest Rate Trust Certificate is issued at a "true" discount (i.e., at a price below the Trust Certificate's stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Trust Certificate arising from a true discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Trust Certificate.

In general, any other Variable Interest Rate Trust Certificate that qualifies as a "variable rate debt instrument" will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of OID and the qualified stated interest on the Variable Interest Rate Trust Certificate. Such a Variable Interest Rate Trust Certificate must be converted into an "equivalent" fixed

rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Trust Certificate with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Trust Certificate's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Trust Certificate is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Trust Certificate. In the case of a Variable Interest Rate Trust Certificate that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Trust Certificate provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Trust Certificate as of the Variable Interest Rate Trust Certificate's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Trust Certificate is converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Trust Certificate is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general OID rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Trust Certificate will account for the OID and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Trust Certificate during the accrual period.

If a Variable Interest Rate Trust Certificate, such as a Trust Certificate the payments on which are determined by reference to an index, does not qualify as a "variable rate debt instrument", then the Variable Interest Rate Trust Certificate will be treated as a contingent payment debt instrument. The proper U.S. federal income tax treatment of Variable Interest Rate Trust Certificate that are treated as contingent payment debt may be more fully described in the applicable Final Terms.

Market Discount

If a U.S. Holder purchases a Trust Certificate (other than a short-term Trust Certificate) for an amount that is less than its stated redemption price at maturity or, in the case of an original issue discount Trust Certificate, 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. Holder will be required to treat any principal payment (or, in the case of an original issue discount Trust Certificate, any payment that does not constitute qualified stated interest) on, or any gain on the sale, exchange, retirement or other disposition of a Trust Certificate, including disposition in certain non-recognition transactions, as foreign source ordinary income to the extent of the market discount accrued on the Trust Certificate at the time of the payment or disposition unless this market discount has been previously included in income by the U.S. Holder pursuant to an election by the U.S. Holder 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. Holder 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. Holder that does not elect to include market discount in income currently may be required to defer, until the maturity of the Trust Certificate 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 Trust Certificate. Such interest is deductible when paid or incurred to the extent of income from the Note for the year. If the interest expense exceeds such income, such excess is currently deductible only to the extent that such excess exceeds the portion of the market discount allocable to the days during the taxable year on which such Note was held by the U.S. Holder.

Market discount will accrue on a straight line basis unless a U.S. Holder makes an election on a Trust Certificate 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. Holder who purchases a Trust Certificate for an amount that is greater than the Trust Certificate's adjusted issue price but less than or equal to the stated redemption price at maturity will be considered to have purchased the Trust Certificate at an acquisition premium. Under the acquisition premium rules, the amount of OID that the U.S. Holder must include in its gross income with respect to the Trust Certificate for any taxable year will be reduced by the portion of acquisition premium properly allocable to that year. If the U.S. Holder has a constant yield election in place for a Trust Certificate (as described above), acquisition premium properly allocable to a particular year will offset all interest that accrues on the Trust Certificate for the year.

If a U.S. Holder purchases a Trust Certificate for an amount that is greater than the stated redemption price at maturity, the U.S. Holder will be considered to have purchased the Trust Certificate with amortisable bond premium equal in amount to the excess of the purchase price over the amount payable at maturity. The U.S. Holder may elect to amortise this premium, using a constant yield method, over the remaining term of the Trust Certificate. A U.S. Holder who elects to amortise bond premium must reduce its tax basis in the Trust Certificate 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. Holder and may be revoked only with the consent of the IRS.

If a U.S. Holder makes a constant yield election (as described under "*Original Issue Discount*") for a Trust Certificate with amortisable bond premium, such election will result in a deemed election to amortise bond premium for all of the Holder's debt instruments with amortisable bond premium.

Sale or Other Disposition of Trust Certificates

A U.S. Holder's tax basis in a Trust Certificate generally will be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Trust Certificate and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Trust Certificate, and reduced by (i) the amount of any payments other than qualified stated interest payments, and (ii) the amount of any amortisable bond premium or acquisition premium applied to reduce interest on the Trust Certificate.

A U.S. Holder generally will recognise gain or loss on the sale or other disposition of a Trust Certificate equal to the difference between the amount realised on the sale or other disposition and the tax basis of the Trust Certificate. Except to the extent described above under "*Original Issue Discount*" and "*Market Discount*" or attributable to accrued but unpaid interest or changes in exchange rates (as discussed below), gain or loss recognised on the sale or other disposition of a Trust Certificate will be capital gain or loss and generally will be treated as from U.S. sources for purposes of the U.S. foreign tax credit limitation. In the case of a U.S. Holder that is an individual, estate or trust, the maximum marginal federal income tax rates applicable to capital gain is currently lower than the maximum marginal rates applicable to ordinary income if the Trust Certificates are held for more than one year at the time of the sale or other disposition. The deductibility of capital losses is subject to significant limitations.

Foreign Currency Trust Certificates

The following discussion summarises certain U.S. federal income tax consequences to a U.S. Holder of the ownership and disposition of Trust Certificates 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 Trust Certificates**").

The rules applicable to foreign currency Trust Certificates could require some or all gain or loss on the sale, exchange or other disposition of a foreign currency Trust Certificate to be recharacterised as ordinary income or loss. The rules applicable to foreign currency Trust Certificates are complex and may depend on the U.S. Holder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a U.S. Holder should make any of these elections may depend on the U.S. Holder's particular U.S. federal income tax situation. U.S. Holders are urged to consult their tax advisors regarding the U.S. federal income tax consequences of the ownership and disposition of foreign currency Trust Certificates.

A U.S. Holder 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 Trust Certificate 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. Holder's tax basis in the foreign currency.

An accrual method U.S. Holder will be required to include in income the U.S. dollar value of the amount of interest income (including OID 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 Trust Certificate 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. Holder 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 OID or market discount.

An accrual method U.S. Holder or cash method U.S. Holder accruing OID may elect to translate interest income (including OID) 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). Additionally, if the last day of the accrual period is within five business days of the date of receipt of the accrued interest, a U.S. Holder that has made such election may translate accrued interest using the spot rate of exchange in effect on the date of receipt. The above election will apply to all debt obligations held by such U.S. Holder and may not be changed without the consent of the IRS. A U.S. Holder 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.

OID, market discount, acquisition premium and amortisable bond premium on a foreign currency Trust Certificate 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 Trust Certificate 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 Trust Certificate. 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 Trust Certificate with amortisable bond premium by a U.S. Holder who has not elected to amortise the premium will be a capital loss to the extent of the bond premium.

A U.S. Holder's tax basis in a foreign currency Trust Certificate, and the amount of any subsequent adjustment to the U.S. Holder's tax basis, will be the U.S. dollar value amount of the foreign currency amount paid for such foreign currency Trust Certificate, or of the foreign currency amount of the adjustment, determined on the date of the purchase or adjustment. A U.S. Holder who purchases a foreign currency Trust Certificate with previously owned foreign currency will recognise ordinary income or loss in an amount equal to the difference, if any, between such U.S. Holder's tax basis in the foreign currency and the U.S. dollar fair market value of the foreign currency Trust Certificate on the date of purchase.

Gain or loss realised upon the sale, exchange or retirement of a foreign currency Trust Certificate 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 Trust

Certificate, determined on the date the payment is received or the Trust Certificate is disposed of; and (ii) the U.S. dollar value of the foreign currency principal amount of the Trust Certificate, determined on the date the U.S. Holder acquired the Trust Certificate. Payments received attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest on foreign currency Trust Certificates 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. Holder on the sale, exchange or retirement of the foreign currency Trust Certificate. The source of the foreign currency gain or loss will be determined by reference to the residence of the U.S. Holder or the "qualified business unit" of the U.S. Holder on whose books the Trust Certificate is properly reflected. Any gain or loss realised by these U.S. Holders 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 Trust Certificate not previously included in the U.S. Holder's income. Holders should consult their tax advisors with respect to the tax consequences of receiving payments in a currency different from the currency in which payments with respect to such Trust Certificate accrue.

A U.S. Holder will have a tax basis in any foreign currency received on the sale, exchange or retirement of a foreign currency Trust Certificate 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 Trust Certificate 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 Trust Certificates are traded on an established securities market. This election cannot be changed without the consent of the IRS. If either: (i) the Trust Certificate is not traded on an established securities market; or (ii) it is and the U.S. Holder is an accrual method taxpayer that does not make the election described above with respect to such Trust Certificate, 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. Holder on a sale or other disposition of foreign currency (including its exchange for U.S. dollars or its use to purchase foreign currency Trust Certificates) will be ordinary income or loss.

Information reporting and backup withholding

Information returns may be filed with the IRS (unless the U.S. Holder establishes, if requested to do so, that it is an exempt recipient) in connection with payments on the Trust Certificates, and the proceeds from the sale, exchange or other disposition of Trust Certificates. If information reports are required to be made, a U.S. Holder may be subject to U.S. backup withholding if it fails to provide its taxpayer identification number, or to establish that it is exempt from backup withholding. The amount of any backup withholding imposed on a payment will be allowed as a credit against any U.S. federal income tax liability of a U.S. Holder and may entitle the U.S. Holder to a refund, provided the required information is timely furnished to the IRS.

U.S. Holders should consult their own tax advisers regarding any reporting obligations they may have as a result of their acquisition, ownership or disposition of Trust Certificates, including requirements related to the holding of certain foreign financial assets or accounts. Failure to comply with applicable reporting obligations could result in the imposition of substantial penalties.

ERISA CONSIDERATIONS

Part 4, Subtitle B, Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), prohibit a broad range of transactions involving (i) employee benefit plans or other plans (including individual retirement accounts and Keogh plans) subject to such provisions, as well as any entities whose underlying assets are treated under ERISA as plan assets by reason of any such plan's investment in such entities (each of the foregoing, a "**Plan**") and (ii) persons who have certain specified relationships to a Plan or its assets ("**parties in interest**" under ERISA and "**disqualified persons**" under the Code; collectively, "**Parties in Interest**") unless an exemption applies. Investments by Plans are subject to ERISA's general fiduciary requirements ("**ERISA Plans**") are subject to the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan.

The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment. Violations of these rules may result in the imposition of excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code.

Governmental plans, certain church plans, and non-U.S. employee benefit plans (as described in Section 4(b)(4) of ERISA) may not be subject to the prohibited transaction rules of ERISA or Section 4975 of the Code, but may be subject to substantially similar rules under other applicable laws ("**Similar Law**"). Accordingly, assets of such plans may not be invested in the Trust Certificates unless the acquisition or holding of Trust Certificates does not result in any violation of Similar Law.

For purposes of ERISA, if a Plan invests in an equity interest of an entity, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless an exception applies. An exception exists as to an entity if the aggregate ownership by Plans of the value of each class of equity interest in the entity is less than 25 per cent. of the total value of such class, disregarding for purposes of such calculation any interests held by persons who have discretionary authority of the investment of the entity's assets or renders investment advice for compensation and certain affiliates thereof. If the assets of the Trust were deemed to be plan assets of a Plan, the Trustee would be subject to certain fiduciary obligations under ERISA and certain transactions that the Trustee 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 or Section 4975 of the Code and might have to be rescinded.

Each initial purchaser of the Trust Certificates and each subsequent transferee will be deemed to have acknowledged, represented and agreed, by its purchase or holding of Trust Certificates, that (A) it is not, and for so long as it holds Trust Certificates, will not be (I) a Plan or (II) a governmental, church or non-U.S. plan unless, solely as to a plan described in clause (II), its purchase and holding of the Trust Certificates would not result in a violation of any Similar Law, and (B) it, and any person causing it to acquire any of the Trust Certificates, agrees to indemnify and hold harmless the Trustee, the Government, the Delegate, the Agents, each of the Dealers and their respective affiliates from any cost, damage or loss incurred by them as a result of it being or being deemed to be a Plan or any violation of any Similar Law.

This Base Prospectus is not directed to any particular prospective investor, nor does it address the needs of any particular prospective investor. None of the Trustee, Arrangers, Dealers, the Principal Paying Agent, nor any of its affiliates has undertaken to provide impartial investment advice, or to give advice in a fiduciary capacity, and none of these parties has or shall provide any advice or recommendation with respect to the management of any interest in any Trust Certificate or the advisability of acquiring, holding, disposing or exchanging of any such interest.

SUBSCRIPTION AND SALE

Words and expressions defined in the Conditions, "ERISA Considerations" and "Transfer Restrictions" shall have the same meanings in this section, "Subscription and Sale".

The Dealers have, in a dealer agreement (such dealer agreement as modified and/or supplemented and/or restated from time to time, the "**Dealer Agreement**") dated 16 May 2017, agreed with the Trustee and the Government a basis upon which they or any of them may from time to time agree to purchase Trust Certificates. Any such agreement will extend to those matters stated under "*Terms and Conditions of the Trust Certificates*". In the Dealer Agreement, each of the Trustee and the Government has agreed to reimburse the Dealers for certain of their expenses in connection with the issue of Trust Certificates under the Programme.

United States

The Trust Certificates have not been and will not be registered under the Securities Act or the securities laws 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 except in certain transactions exempt from, or not subject to the registration requirements of the Securities Act and applicable State securities laws.

Each Dealer has represented and agreed that it has offered and sold the Trust Certificates, and agrees that it will offer and sell the Trust Certificates, only in accordance with Rule 903 of Regulation S or Rule 144A under the Securities Act. Accordingly, neither it, its affiliates nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Trust Certificates, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Terms used in this paragraph and not otherwise defined herein have the meanings given to them by Regulation S.

Each Dealer has represented, warranted, undertaken and agreed that neither it nor any of its affiliates (as defined in Rule 501(b) of Regulation D), nor any person acting on its or their behalf has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with any offer and sale of the Trust Certificates in the United States.

Each Dealer may, through its respective U.S. registered broker dealer affiliates, arrange for the offer and resale of the Trust Certificates in the United States only to QIBs that are QPs in accordance with Rule 144A.

Each Dealer has represented, warranted, undertaken and agreed that it has offered and sold and will offer and sell the Trust Certificates in the United States only to persons whom it reasonably believes are QIBs and QPs who can represent that: (a) they are QIBs who are QPs within the meaning of Rule 144A; (b) they are not broker dealers who own and invest on a discretionary basis less than U.S.\$25 million in securities of unaffiliated issuers; (c) they are not a participant-directed employee plan, such as a 401(k) plan; (d) they are acting for their own account, or the account of one or more QIBs each of which is a QP; (e) they are not formed for the purpose of investing in the Trust Certificates or the Trustee; (f) each account for which they are purchasing will hold and transfer at least U.S.\$250,000 in principal amount of Trust Certificates at any time; (g) they understand that the Trustee may receive a list of participants holding positions in its securities from one or more book entry depositories; and (h) they will provide notice of the transfer restrictions set forth in this Base Prospectus to any subsequent transferees.

In connection with the offer and resale of the Trust Certificates in the United States each Dealer has represented and agreed that it is a QIB who is also a QP.

In addition, until 40 days after the commencement of the offering, an offer or sale of Trust Certificates within the United States by a 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 under the Securities Act.

The Trust Certificates (and any interests therein) may not be sold to or held by or on behalf of any:
(i) employee benefit plan (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA;
(ii) plan (as defined in Section 4975(e)(1) of the Code) that is subject to Section 4975 of the Code including individual retirement accounts and Keogh plans; (iii) any entity whose underlying assets

could be deemed to include "plan assets" by reason of a plan's investment in such entity for purposes of ERISA; or (iv) any governmental plan (as defined in Section 3(32) of ERISA), church plan (as defined in Section 3(33) of ERISA), non-U.S. plan (as described in Section 4(b)(4) of ERISA), or entity whose underlying assets are deemed to include the assets of any such plan, that is subject to Similar Law, unless, under this subsection (iv), its acquisition, holding and disposition of the Trust Certificates would not result in a non-exempt violation of any such Similar Law or subject the Trustee or any transactions thereby to any such Similar Law and it and any person causing it to acquire any of the Trust Certificates agrees to indemnify and hold harmless the Government, the Trustee, the Delegate, each of the Dealers and their respective affiliates from any cost, damage or loss incurred by them as a result of it being or being deemed to be a Plan.

Prohibition of Sales to EEA Retail Investors

From 1 January 2018, unless the Final Terms in respect of any Trust Certificates specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Trust Certificates which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Directive; and
- (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Trust Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Trust Certificates.

Prior to 1 January 2018, and from that date if the Final Terms in respect of any Certificates specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive was implemented in an EU Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Trust Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to the public in that EU Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Trust Certificates to the public in that EU Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer(s) nominated by the Trustee and the Government for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Trust Certificates referred to above shall require the Trustee, the Government or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Trust Certificates to the public**" in relation to any Trust Certificates in any relevant EU Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Trust Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Trust Certificates, as the same may be varied in that EU Member State by any measure implementing the Prospectus Directive in

that EU Member State, the expression "**Prospectus Directive**" for the purposes of this paragraph means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the relevant EU Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Trust Certificates which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Trust Certificates other than to persons 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 who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Trust Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Trustee;
- (b) 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 Trust Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee or the Government; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Trust Certificates in, from or otherwise involving the United Kingdom.

Sultanate of Oman

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) this Base Prospectus has not been filed with or registered as a prospectus with the Capital Market Authority of Oman pursuant to Article 3 of the Capital Market Authority Law SD 80/98 (Article 3), will not be offered or sold as an offer of securities in Oman as contemplated by the Commercial Companies Law) or Article 3, nor does it constitute a sukuk offering pursuant to the Sukuk Regulation issued by the Capital Market Authority of Oman (CMA Decision 3/2016); and
- (b) the Trust Certificates have not been and will not be offered, sold or delivered, and no invitation to subscribe for or to purchase the Trust Certificates has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Oman to any person in Oman other than by an entity duly licensed by the Capital Market Authority of Oman to market non-Omani securities in Oman and then only in accordance with all applicable laws and regulations, including Article 139 of the Executive Regulations of the Capital Markets Law (Decision No. 1/2009, as amended).

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Trust Certificates.

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Trust Certificates pursuant to an offering should note that the offer of Trust Certificates is a private placement under Article 11 or Article 12 of the "Offers of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 3-151-2016 dated 21 December 2016 (the "**KSA Regulations**"), through a person authorised by the Capital Market Authority (the "**CMA**") to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations. The Trust Certificates may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "Sophisticated Investors" under Article 11 of the KSA

Regulations ("**Sophisticated Investors**") or by way of a limited offer under Article 12 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 Trust Certificates to a Saudi Investor will be made in compliance with the KSA Regulations.

Investors are informed that Article 18 of the KSA Regulations places restrictions on secondary market activity with respect to the Trust Certificates, including as follows:

- (a) a Saudi Investor (referred to as a "**transferor**") who has acquired Trust Certificates pursuant to a private placement may not offer or sell Trust Certificates to any person (referred to as a "**transferee**") unless the offer or sale is made through an authorised person where one of the following requirements is met:
 - (i) the price to be paid for the Trust Certificates in any one transaction is equal to or exceeds Saudi Riyals 1 million or an equivalent amount;
 - (ii) the Trust Certificates are offered or sold to a Sophisticated Investor; or
 - (iii) the Trust Certificates are being offered or sold in such other circumstances as the CMA may prescribe for these purposes;
- (b) if the requirement of sub-paragraph (a)(i) above cannot be fulfilled because the price of the Trust Certificates being offered or sold to the transferee has declined since the date of the original private placement, the transferor may offer or sell the Trust Certificates to the transferee if their purchase price during the period of the original private placement was equal to or exceeded Saudi Riyals 1 million or an equivalent amount;
- (c) if the requirement in sub-paragraph (b) above cannot be fulfilled, the transferor may offer or sell Trust Certificates if he/she sells his entire holding of Trust Certificates to one transferee; and
- (d) the provisions of sub-paragraphs (a), (b) and (c) above shall apply to all subsequent transferees of the Trust Certificates.

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 Trust Certificates, except on a private placement basis, to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "**accredited investor**" means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more;
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

State of 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, delivered or sold, and will not offer, sell or deliver at any time, directly or indirectly, any Trust Certificates in the State of Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of the State of Qatar (including the Qatar Financial Centre); and (b) 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. This Base Prospectus has not been filed with, reviewed or

approved by the Qatar Central Bank, the Qatar Financial Markets Authority, Qatar Financial Centre Regulatory Authority or any other relevant Qatar governmental body or securities exchange.

State of Kuwait

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Trust Certificates to be issued have not been and will not be offered, sold, promoted or advertised by it in the State of Kuwait other than in compliance with Decree Law No. 31 of 1990 and the implementing regulations thereto, as amended, and Law No. 7 of 2010 and the bylaws thereto, as amended governing the issue, offering and sale of securities.

No private or public offering of the Trust Certificates is being made in the State of Kuwait, and no agreement relating to the sale of the Trust Certificates will be concluded in the State of Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Trust Certificates in the State of Kuwait.

United Arab Emirates (excluding 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 Trust Certificates have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Trust Certificates to any person in the Dubai International Financial Centre unless such offer is:

- (a) an "Exempt Offer" in accordance with the Markets Rules (MKT) Module of the DFSA Rulebook; and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Trust Certificates (except for Trust Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong (the "SFO")) other than (i) to "professional investors" within the meaning of the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, in each case whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Trust Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Trust Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore, and the Trust Certificates will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). 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

offered or sold and that it will not offer or sell any Trust Certificates or cause such Trust Certificates to be made the subject of an invitation for subscription or purchase, 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 Trust Certificates, whether directly or indirectly, to any person in Singapore other than: (a) to an institutional investor pursuant to Section 274 of the SFA; (b) to a relevant person, or any person pursuant to Section 275(1) of the SFA or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (c) pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where the Trust Certificates 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 is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Trust Certificates pursuant to an offer under Section 275 of the SFA except:

- (i) 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; or
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law; or
- (iv) pursuant to Section 276(7) of the SFA or Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Trust Certificates 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 Trust Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Trustee, the Government and any other Dealer shall have any responsibility therefor.

None of the Trustee, the Government or any of the Dealers (i) makes any representation that any action has been or will be taken in any jurisdiction that would permit a public offering of any Trust Certificates, or possession or distribution of this Base Prospectus, any other offering, material or any Final Terms, in any country or jurisdiction where action for that purpose is required; or (ii) represents that Trust Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with any additional restrictions agreed between the Trustee, the Government and the relevant Dealer(s) and set out in the relevant dealer accession letter or subscription agreement, as the case may be. Any such modification will be set out in the Final Terms issued in respect of the issue of Trust Certificates to which it relates or in a supplement to this Base Prospectus.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the entry of the Trustee into the transaction contemplated by the Transaction Documents and the execution thereof has been duly authorised by a resolution of the Board of Directors of the Trustee dated 9 May 2017 and a resolution passed at the extraordinary general meeting of the shareholders on 9 May 2017.

The Trustee and the Government have each obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme and will obtain all necessary consents, approvals and authorisations in connection with the issue of any Trust Certificates thereunder and the execution and performance of the Transaction Documents to which they are a party. The establishment of the Programme and the issue of any Trust Certificates thereunder have been or will be, respectively, duly authorised in accordance with the provisions of Royal Decree 48/76.

Listing of Trust Certificates

This Base Prospectus has been approved by the Central Bank as competent authority under the Prospectus Directive. The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Walkers Listing Services Limited is acting solely in its capacity as listing agent for the Government and the Trustee in connection with the Trust Certificates and is not itself seeking admission of the Trust Certificates to the Official List or to trading on the Main Securities Market for the purposes of the Prospectus Directive.

Application has been made to the Irish Stock Exchange plc for Trust Certificates issued under the Programme during the 12 months from the date of this Base Prospectus to be admitted to the Official List and admitted to trading on the Main Securities Market. It is expected that each Tranche of Trust Certificates which is to be admitted to the Official List and to trading on the Main Securities Market will be admitted separately as and when issued, subject only to the issue of a Global Trust Certificate initially representing the Trust Certificates of such Tranche.

The Programme provides that Trust Certificates may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Trustee, the Government and the relevant Dealer(s). Unlisted Trust Certificates may also be issued pursuant to the Programme.

No Significant Change

There has been no significant change in the tax and budgetary systems, foreign exchange reserves, financial position, prospects and resources and income and expenditure figures of the Government since 30 December 2016, no significant change in foreign trade since 30 November 2016, no significant change in balance of payments since 30 September 2016 and no significant change in gross public debt since 31 March 2017.

There has been no significant change in the financial or trading position of the Trustee and no material adverse change in the financial position or prospects of the Trustee, in each case, since 31 December 2016.

Auditors

The current auditors of the Trustee are EY. EY were appointed as auditors of the Trustee in the annual general meeting held on 9 May 2017. EY is regulated in the Sultanate of Oman by the Ministry of Commerce and Industry which has issued EY with a licence to practice as auditors. There is no professional institute of auditors in the Sultanate of Oman and, accordingly, EY is not a member of a professional body in the Sultanate of Oman. All of EY's audit partners are members of the institutes from where they received their professional qualification. The Annual Financial Statements were audited by EY, as stated in their audit reports incorporated by reference in this Base Prospectus. The registered office of EY is 3rd and 4th Floor Ernst & Young Building, Al Qurum, P.O. Box 1750, Ruwi 112, Sultanate of Oman.

Litigation

Neither the Government nor the Trustee is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Government or the Trustee is aware) during the 12 months preceding the date of this Base Prospectus which may have or has had in the recent past significant effects on the financial position or profitability of the Government and/or the Trustee.

Language of this Base Prospectus

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

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available in physical/electronic form for inspection at the specified office of the Principal Paying Agent (at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB, United Kingdom):

- (a) copies of the constitutional documents of the Trustee;
- (b) Annual Financial Statements;
- (c) a copy of the legislative text for the annual budget of Oman for the current fiscal year;
- (d) the Master Trust Deed, the Master Purchase Agreement, the Master Lease Agreement, the Agency Agreement, the Purchase Undertaking, the Sale and Substitution Undertaking and the forms of the Global Trust Certificate and the Trust Certificates in definitive form;
- (e) each Supplemental Trust Deed, Supplemental Purchase Agreement, Supplemental Lease Agreement and Declaration of Commingling of Assets in relation to Trust Certificates which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system;
- (f) a copy of this Base Prospectus; and
- (g) any future offering circulars, prospectuses, information memoranda, supplementary prospectus and supplements including Final Terms (save that a Final Terms relating to a Trust Certificate which is not listed on the Official List and neither admitted to trading on the Main Securities Market or any other regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Trust Certificate and such holder must produce evidence satisfactory to the Trustee and the Principal Paying Agent as to its holding of Trust Certificates and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

This Final Terms for Trust Certificates that are listed on the Official List and admitted to trading on the Main Securities Market and, for a period of 12 months only from the date hereof, this Base Prospectus will be published on the website of the Central Bank (www.centralbank.ie).

Clearing Systems

The Trust Certificates 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 Trust Certificates allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. In addition, the Trustee may make an application for any Trust Certificates in to be accepted for trading in book-entry form by DTC. Acceptance by DTC of such Trust Certificates and the CUSIP numbers for each Tranche of such Trust Certificates, together with the relevant ISIN and (if applicable) Common Code, will be specified in the applicable Final Terms. If the Trust Certificates are

to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, NY 10041, USA.

Third-Party Information

Where information in this Base Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as the Trustee or the Government is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

Dealers transacting with the Government

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in various financial advisory, investment banking and/or commercial banking transactions with, and may perform services for, the Government and/or the Ministry of Finance and/or their affiliates (including any other public sector instrumentality, as defined in the Conditions) in the ordinary course of business for which they have received, and for which they may in the future receive, fees and expenses. In particular, certain of the Dealers are lenders to the Government (and/or the Ministry of Finance and/or their affiliates (including any other public sector instrumentality)) and proceeds from the issue of the Trust Certificates may be used to repay such outstanding loan facilities. In connection with any offering under the Programme the Dealers may purchase and sell Trust Certificates in the open market.

In addition, 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 Government and/or the Ministry of Finance and/or their respective affiliates (including any other public sector instrumentality). Certain of the Dealers or their affiliates that have a lending relationship with the Government and/or the Ministry of Finance and/or their respective affiliates (including any other public sector instrumentality) routinely hedge their credit exposure to the Government and/or the Ministry of Finance and/or their respective affiliates (including any other public sector instrumentality) 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 Trust Certificates. Any such short positions could adversely affect future trading prices of the Trust Certificates 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.

THE TRUSTEE

Oman Sovereign Sukuk S.A.O.C. (registered in Oman with commercial registration number 1225873)
P.O. Box 506, Postal Code 100, Muscat
Sultanate of Oman

THE GOVERNMENT

The Government of the Sultanate of Oman represented by **The Ministry of Finance**
P.O. Box 506, Postal Code 100, Muscat
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PRINCIPAL PAYING AGENT, TRANSFER AGENT AND CALCULATION AGENT

**Citibank, N.A., London
Branch**
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

DELEGATE

**The Law Debenture Trust
Corporation p.l.c.**
Fifth Floor
100 Wood Street
London EC2V 7EX
United Kingdom

REGISTRAR

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Deutschland AG**
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Germany

ARRANGERS

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United Kingdom

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
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Dubai
United Arab Emirates

DEALERS

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United Arab Emirates

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