



**Taageer Finance Co. SAOG**  
P.O. Box 200, PC 136, MGM  
Sultanate of Oman  
Tel: +968 24 839 999 Fax: +968 24 488 254

Issue through Private Placement of 5,000,000 Unsecured Non-Convertible Subordinated Bonds with an option of an additional 2,500,000 bonds  
at an issue price of R.O. 1.000 per Bond  
(Comprising of R.O. 1.000 as nominal value only)

## PRIVATE PLACEMENT

### Offer Period:

Issue Opens on May 15, 2018 and Closes on May 20, 2018

### Financial Advisor and Issue Manager:



P.O. Box 1137, PC 111, CPO, Sultanate of Oman  
Tel: 2494 9001 Fax: 2494 9099

### Registrar & Trustee:

Muscat Clearing and Depository Co. SAOC  
P.O. Box 952, Ruwi, PC 112, Sultanate of Oman  
Tel: 24822222 Fax: 24817491

### Legal Advisor:

Curtis, Mallet-Prevost, Colt & Mosle LLP

### Collecting Bank:

Oman Arab Bank

*This Prospectus has been prepared in accordance with the requirements as prescribed by the Capital Market Authority (the "CMA"). This is an unofficial English translation of the original Prospectus prepared in Arabic and approved by the CMA in accordance with Administrative Decision no. Kh/42/2018 dated 10 May 2018. The Capital Market Authority neither assumes responsibility for the accuracy and adequacy of the statements and information contained in this Prospectus nor will it have any liability for any damage or loss resulting from the reliance upon or use of any part of the same by any person.*

## IMPORTANT NOTICE TO INVESTORS

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All investors are requested to read the following notice carefully.

This Prospectus does not constitute an offer to sell or an invitation by or on behalf of the Company to subscribe to for the securities offered in any jurisdiction outside of Oman where such distribution is, or may be, unlawful.

The prospectus and the private placement is intended only for certain select investors as identified by the Company and is not an offer to the public. Select investors include, but are not limited to pension funds, investment companies, portfolio management entities as well as high net worth individuals.

As the securities are being offered on private placement basis, the prospectus is not intended for public circulation or distribution.

The aim of this Prospectus is to present material information that may assist investors to make an appropriate decision as to whether or not to invest in the securities offered.

Prospective investors should not treat the contents of this prospectus as investment, tax or legal advice and must make their own investigation and evaluation of the opportunity to invest in the 'Bonds' and should consult with their own advisors with respect to the evaluation of the risks of the investment and its suitability for their individual financial circumstances and risk preferences.

The Prospectus includes all material information and does not contain any misleading information or omit any material information.

The Directors of the Company are responsible for the integrity and adequacy of the information contained herein and confirm that to their knowledge appropriate due diligence has been conducted in the preparation of this Prospectus and further confirm that no material information has been omitted, the omission of which would otherwise render this Prospectus misleading.

All investors should examine and carefully review this Prospectus in order to decide whether it would be appropriate to invest in the securities offered by taking into consideration all the information contained in this Prospectus in its proper context. Investors should not consider this Prospectus as a recommendation by the Company's Directors, the Financial Advisor and Issue Manager or the Legal Advisor to buy the securities offered. Every investor shall bear the responsibility of obtaining independent professional advice on the investment in the securities offered and shall conduct independent evaluation of the information and assumptions contained herein using appropriate analysis or projections.

No person has been authorized to make any statement or provide information in relation to the Company or the securities offered other than the persons whose names are indicated in this Prospectus to do so. Where any person makes any statement or provides information it should not be taken as authorized by the Company, the Financial Advisor and Issue Manager or the Legal Advisor.

### ADDITIONAL POINTS TO BE NOTED

Scope of information: The information contained in this Prospectus is intended to provide a Prospective Applicant with adequate information relating to the investment opportunity and

background information on the Company. However, this Prospectus does not necessarily contain all the information that a prospective Applicant may consider material. The content of this Prospectus is not to be construed as legal, business or tax advice. Each prospective Applicant should consult his own lawyer, financial advisor or tax advisor for legal, financial or tax advice in relation to any subscription, purchase or proposed subscription or purchase of the Securities offered.

**Investor due diligence:** Prior to making any decision as to whether to subscribe for the securities offered, prospective Applicants should read this Prospectus in its entirety. In making an investment decision, prospective Applicants must rely upon their own examination of the terms of this Prospectus and the risks involved in making an investment.

**Price risk:** All investments carry market risks to varying degrees. The value of any security can fall as well as rise depending on the market conditions. Potential investors should read the chapter related to “Risk Factors and Mitigants” of this Prospectus.

**Restrictions on distribution of this Prospectus:** The distribution of this Prospectus and the Securities offered may, in certain jurisdictions, be restricted by law or may be subject to prior regulatory approvals. This Prospectus does not constitute an offer to sell or an invitation by or on behalf of the Company to subscribe to any of the Securities offered in any jurisdiction outside of Oman where such offer or invitation would be unlawful. This Prospectus may not be distributed in any jurisdiction where such distribution is, or may be, unlawful. The Company, the Financial Advisor and Issue Manager, the Legal Advisors and the Collecting Banks require persons into whose possession this Prospectus comes, to inform themselves of and observe, all such restrictions. None of the Company, the Financial Advisor and Issue Manager, the Legal Advisors or the Collecting Bank accept any legal responsibility for any violation of any such restrictions on the sale, offer to sell or solicitation to subscribe for Securities offered by any person, whether or not a prospective Applicant, in any jurisdiction outside Oman where such sale, offer to sell or solicitation to subscribe would be unlawful.

**Restrictions on use of information contained in this Prospectus:** The information contained in this Prospectus may not be published, duplicated, copied or disclosed in whole or in part or otherwise used for any purpose other than in connection with the Placement, without the prior written approval of the Company and the Financial Advisor and Issue Manager.

**Disclaimer of implied warranties:** Except as required under applicable law and regulations, no representation or warranty, express or implied, is given by the Company, the Financial Advisor and Issue Manager, the Legal Advisor or the Collecting Banks, or any of their respective directors, managers, accountants, lawyers, employees or any other person as to the completeness of the contents of this Prospectus; or of the projections included within; or of any other document or information supplied at any time in connection with the Placement; or that any such document has remained unchanged after the issue thereof.

## **FORWARD LOOKING STATEMENTS**

This Prospectus contains statements that constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way implicitly portrayed by this Prospectus. The use of any of the words “anticipate”, “continue”, “estimate”, “schedule”, “intend”, “expect”, “may”, “will”, “project”, “propose”, “should”, “believe” “will continue”, “will pursue” and similar expressions are intended to identify forward-looking statements. These forward-looking statements

are not historical facts but reflect current expectations regarding future results or events and are based on various estimates, factors and assumptions. The Company believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct.

Moreover, forward- looking statements involve inherent risks and uncertainties and speak only as at the date they are made and should not be relied upon as representing the Company's estimates as of any subsequent date.

The Company cautions investors that a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements. These factors include, but are not limited to, the following:

- Level of demand for the Company's products and services;
- The competitive environment;
- Regulatory, legal and fiscal developments;
- Fluctuations in foreign exchange rates, equity prices or other rates or prices;
- Inability to estimate future performance;
- The performance of the Omani economy; and
- Other factors described in Chapter three titled "Risk Factors and Mitigants" of this Prospectus.

The Company cannot provide any assurance that forward-looking statements will materialize. The Company, the Financial Advisor and Issue Manager and any of their respective affiliates, disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless required by applicable securities laws. For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this Prospectus, see Chapter three titled "Risk Factors and Mitigants" of this Prospectus. The risk factors described in this Prospectus are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the forward-looking statements.

**Currency of Presentation:** All references to "Rial Omani" or "R.O." are to Omani Rials, the official currency of the Sultanate of Oman. The Omani Rial is pegged to the US Dollar and the pegged exchange rate is 1 Omani Rial = 2.6008 US\$. 1 Omani Rial, is composed of 1000 Baizas.

**Summary or Extracts of Documents:** Any summaries of documents or extracts of documents contained in the Prospectus should not be relied upon as being comprehensive statements in respect of such documents.

**Industry and Market Data:** Industry and market data in this Prospectus has been obtained from third parties or from public sources such as websites and publications. Although it is believed that the industry information referenced in this Prospectus is reliable, neither the management of the Company nor the Financial Advisor and Issue Manager has independently verified any of the data from third party sources referred to in this Prospectus or ascertained the underlying assumptions relied upon by such sources. Consequently, no liability, legal or otherwise, will be accepted by the Company, the Directors or the Financial Advisor and Issue Manager as to the accuracy or completeness of such information. Additionally, the Financial Advisor and Issue Manager has not independently verified any of the industry data obtained from any source referred to in this document.

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## DEFINITIONS AND ABBREVIATIONS

The following words and expressions, unless used with capitalized initial letters, in this Prospectus (inclusive of the notices and tables contained therein) have the meanings set out below:

|                                     |  |
|-------------------------------------|--|
| <b>Audit &amp; Risk Committee</b>   | Audit & Risk Committee of the Board  |
| <b>ALCO</b>                         | Asset Liability Committee  |
| <b>Allotment Date</b>               | The date on which the Bonds are allotted to eligible Subscribers   |
| <b>Application Form</b>             | The Application Form to be completed and filed by an investor in order to subscribe for Bonds  |
| <b>Articles or AOA</b>              | Articles of Association of the Issuer, as may be amended from time to time in accordance with the provisions of the CCL and as contained therein   |
| <b>Banking Law</b>                  | Banking Law of Oman as contained in Royal Decree 114/2000  |
| <b>Board / Board of Directors</b>   | Company's Board of Directors elected in accordance with the Articles   |
| <b>Bonds</b>                        | Bonds issued under this Prospectus.  |
| <b>Bondholders</b>                  | A holder of a Bond issued by the Issuer pursuant to this Prospectus  |
| <b>Bondholders' Resolution</b>      | A resolution passed at a meeting of Bondholders duly convened and held in accordance with the provisions of the Trust Deed and in accordance with the applicable provisions of the CCL   |
| <b>Business Day</b>                 | A day on which commercial companies and the Registrar are open for business in Sultanate of Oman   |
| <b>CBO</b>                          | Central Bank of Oman   |
| <b>CCL</b>                          | Commercial Companies Law of Oman as contained in Royal Decree 4/74 and the amendments thereto  |
| <b>CMA</b>                          | Capital Market Authority of Oman   |
| <b>CMA Law</b>                      | Capital Market Law of Oman as contained in Royal Decree 80/98  |
| <b>Code of Corporate Governance</b> | The CMA code of corporate governance for public joint stock companies issued by circular 4/2015 in June 2015 as amended and updated from time to time.   |
| <b>Collecting Bank</b>              | means Oman Arab Bank SAOC  |
| <b>Company /Taageer/Issuer</b>      | Taageer Finance Co. SAOG   |
| <b>Director</b>                     | Means a member of the Board of Directors of Taageer Finance Co. SAOG   |
| <b>ENRC</b>                         | Executive, Nomination & Remuneration Committee of the Board  |
| <b>Event of Default</b>             | Any of the events described in Condition 20 of Section 6: Terms and Conditions of the Bond Issue, of this Prospectus   |
| <b>Executive Regulations</b>        | Executive Regulations of the CMA Law issued by the CMA pursuant to the Administrative Decision no. 1/2009 as on 18 March 2009.   |
| <b>Financial Year</b>               | The financial year of the Issuer commencing from 1st January and ending on 31st December each year or as may be amended by the shareholders in accordance with the Articles  |
| <b>Interest Payment Record Date</b> | The date falling fifteen (15) days before the relevant Interest Payment Date. The Interest Payment Record Dates will be each 7 <sup>th</sup> November and 7 <sup>th</sup> May, till the Maturity Date.<br><br>Interest will be paid to the bondholders on interest payment date, whose name appear on the Bondholder's register on Interest Payment Record Date. |
| <b>HR</b>                           | Human Resources  |

|                                       |   |
|---------------------------------------|---|
| <b>Laws of Oman</b>                   | The laws of Sultanate of Oman in the form of Royal Decrees, Ministerial Decisions, CMA and CBO Regulations as the same may have been, or may from time to time be enacted, amended or reenacted or issued |
| <b>Maturity Date</b>                  | The date on which the Bonds will be redeemed in full in the form of a single bullet payment at the end of two (2) years from the Allotment Date. The Maturity Date of the Bond will be 22 May 2020.       |
| <b>Registrar/MCDC</b>                 | Muscat Clearing & Depository Co. SAOC   |
| <b>MOCI</b>                           | Ministry of Commerce and Industry of Oman   |
| <b>MSM</b>                            | Muscat Securities Market  |
| <b>NBFC</b>                           | Non-Banking Financial Company   |
| <b>Sultanate / Oman</b>               | The Sultanate of Oman   |
| <b>Prospectus</b>                     | this Prospectus   |
| <b>Register</b>                       | The Register to be maintained by the Registrar in which information relating to the Bonds and the Bondholders shall be recorded   |
| <b>Rial Omani or Omani Rial or RO</b> | Omani Rial, which is the lawful currency of the Sultanate of Oman. Each Omani Rial is equivalent to 1000 Baizas   |
| <b>Shareholders</b>                   | Shareholders of the Issuer  |
| <b>Subscriber</b>                     | A person who has submitted his/her Application Form   |
| <b>Subscription Period</b>            | The period from opening and closing date for subscription to the issue (both days inclusive)  |
| <b>Trust Deed</b>                     | Trust deed to be entered into between the Issuer and MCDC for MCDC to act as Trustee for the Bondholders.   |
| <b>Trustee</b>                        | MCDC or any successor body thereto and includes all persons who may be appointed trustee under the terms of the Trust Deed to act for and on behalf of the Bondholders as their representative            |
| <b>Senior Liabilities</b>             | Mean liabilities of the Issuer, which are repayable ahead of Subordinated Liabilities and Share Capital   |
| <b>Subordinated Liabilities</b>       | Mean liabilities of the Issuer, which are stated to be repayable after payment of Senior Liabilities and ahead of Share Capital.  |

## 1. THE OFFERING

### 1.1 KEY TERMS OF THE OFFERING

(This is only a summary, please read the Prospectus in full before taking any investment decision)

|   |   |
|---|---|
| <b>Issuer</b>   | Taageer Finance Co. SAOG  |
| <b>Commercial Registration Number</b>                         | 1663208   |
| <b>Registered Office</b>                                      | P.O. Box 200, PC 136, MGM, Sultanate of Oman  |
| <b>Company's Duration</b>                                     | Unlimited   |
| <b>Financial Year</b>   | Financial year commences on 1 <sup>st</sup> January and ends on 31 <sup>st</sup> December of the same year.   |
| <b>Issued &amp; Paid-up Capital</b>                           | R.O. 25.359 million (as on 31 <sup>st</sup> December 2017)  |
| <b>Credit Rating of the Issuer</b>                            | Not Rated   |
| <b>Instrument Offered</b>                                     | Unsecured Non-Convertible Subordinated Bonds  |
| <b>Use of Proceeds</b>  | To fund general financing requirement of the Company  |
| <b>Denomination</b>   | Omani Rial  |
| <b>Tenor of the Bonds</b>                                     | 2 (two) years   |
| <b>Bond insurance</b>   | No insurance  |
| <b>Offer Size</b>   | 5,000,000 (Five Million) Bonds with an option of an additional 2,500,000 bonds.   |
| <b>Nominal Value</b>  | R.O. 1.000 per Bond   |
| <b>Offer Price</b>  | R.O. 1.000 per Bond, comprising nominal value of R.O. 1.000 only payable in full on subscription  |
| <b>Interest Rate</b>  | 5.00% per annum on face value of the Bond.  |
| <b>Interest Payment Dates and First Interest Payment Date</b> | Each 22 November and 22 May in each year, between the Allotment Date and the Maturity Date (both years inclusive).<br><br>The First Interest Payment date will be 22 November 2018.<br><br>Interest will be paid to the bondholders on interest payment date, whose name appear on the Bondholder's register on the Interest Payment Record Date. |
| <b>Interest Payment Record Date</b>                           | The date falling fifteen (15) days before the relevant Interest Payment Date. The Interest Payment Record Dates will be each 7 November and 7 May, till the Maturity Date.<br><br>Interest will be paid to the bondholders on interest payment date, whose name appear on the Bondholder's register on Interest Payment Record Date.              |
| <b>Maturity Date</b>  | 22 May 2020   |
| <b>Redemption Value</b>                                       | R.O. 1.000 per Bond   |
| <b>Listing</b>  | The Issuer will list the Bonds on the bond segment of MSM which is expected on date 24 <sup>th</sup> May 2018   |
| <b>Eligible Subscribers</b>                                   | The Bonds are offered only to select investors on private placement basis.  |
| <b>Subscription Period</b>                                    | The subscription opening date is 15 May, 2018 and the subscription closing date is 20 May, 2018.  |

|  |  |
|--|--|
|  | <p>The Issuer may extend the subscription closing date with the approval of CMA</p>  |
| <b>Allotment</b>                             | <p>The Bonds will be allotted on the Allotment Date as mentioned in Section 13.14 Proposed Timetable. Validity of the allotment shall be subject to the approval of all relevant authorities.</p> <p>If any investor withdraws or does not subscribe for the number of Bonds it has undertaken to subscribe for, the Board of Directors shall allocate the unsubscribed Bonds to other investors subject to their maximum Bonds commitment</p> <p>In the event the Bond Issue is not subscribed in full by the proposed Investors the Board of Directors may accept subscription only to the extent it is subscribed and accordingly the Issue size will be reduced proportionately</p>  |
| <b>Minimum application size</b>              | 100,000 Bonds  |
| <b>Maximum application size</b>              | 7,500,000 Bonds  |
| <b>Status of the Bonds</b>                   | <p>The Bonds are subordinated to the claims of other creditors as regards both principal and interest.</p> <p>The Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank pari passu, without any priority or preference amongst themselves and equally with any other present or future, unsecured subordinated indebtedness of the Issuer save for such obligations that may be preferred by provisions of law that are mandatory and of general application.</p> <p>The Issuer may incur further borrowings or indebtedness and may create or permit other security interests upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital). Any security interests so created will rank in priority to the Bonds for so long as security interests remain in effect.</p> |
| <b>Financial Advisor &amp; Issue Manager</b> | <p>Ubhar Capital SAOC<br/>P.O. Box 1137, P.C. 111, CPO, Muscat, Sultanate of Oman.<br/>Tel: +968 24 949 000 Fax: +968 24 949 099<br/>Website: <a href="http://www.u-capital.net">www.u-capital.net</a></p>   |
| <b>Trustee &amp; Registrar</b>               | <p>Muscat Clearing and Depository SAOC [To be appointed]<br/>PO Box 952, PC 112, Ruwi, Sultanate of Oman<br/>Tel: 24822222, Fax: 24817491<br/>Website: <a href="http://www.mcd.gov.om">www.mcd.gov.om</a></p>  |
| <b>Collecting Bank</b>                       | Oman Arab Bank SAOC  |
| <b>Legal Advisor</b>                         | <p>Curtis, Mallet-Prevost, Colt &amp; Mosle LLP<br/>P.O. Box 1803, P.C. 114,<br/>Sultanate of Oman<br/>Tel: +968 2456 4495</p>   |

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Fax: +968 24 564 497  
Website: [www.curtis.com](http://www.curtis.com)

|                               |   |
|-------------------------------|---|
| <b>Auditors to the Issuer</b> | KPMG<br>4th Floor, HSBC Bank Building, MBD<br>PO Box 641, PC 112<br>Sultanate of Oman |
|-------------------------------|---|

## 1.2 AUTHORIZATION OF THE OFFERING

- The CBO has approved the issue vide their letter No. BDD/IBS/TFC/2017/5260, dated 21 November 2017; in response to the Taageer approval request having reference no. TFC/CEO/CBOEP/2017/12427, dated 6 November 2017.
- The issue of the Bonds was authorized by the Shareholders of the Issuer at an Extraordinary General Meeting held on 18 December 2017.
- The CMA has approved this Prospectus as per CMA approval letter no. kh/42/ 2018 dated 10 May 2018.

## 2. OMAN ECONOMIC OUTLOOK

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### 2.1 BACKGROUND

Strategically positioned at the crossroads of Asia and Europe, Oman has historically been a center of trade and commerce. With a population of approximately 4.63 million as on December 2017, spread over a land area of 309,500 square km, Oman is a country with stable political, economic and social systems. The country has created a strong infrastructure, healthcare, communication, international trade network and advanced transportation systems on the backbone of a flourishing oil-based economy. The continued focus of the Government to diversify the economy and gradually reduce its dependence on oil, has witnessed a steady growth of the non-oil sectors. Currently, according to the data published by the *National Centre for Statistics & Information*, petroleum activities contributed about 33% of the Gross Domestic Product (“GDP”) at current market prices as at June 2017. The Omani Rial is pegged to the U.S. Dollar at a fixed exchange rate of 1 RO = 2.6008 US\$.

### 2.2 ECONOMY

IMF believes that upswing in economic activity is strengthening, with global growth projected to rise to 3.6% in 2017 and 3.7% in 2018. Broad-based upward revisions in the euro area, Japan, emerging Asia, emerging Europe, and Russia more than offset downward revisions for the United States and the United Kingdom. But the recovery is not complete: while the baseline outlook is strengthening, growth remains weak in many countries, and inflation is below target in most advanced economies.

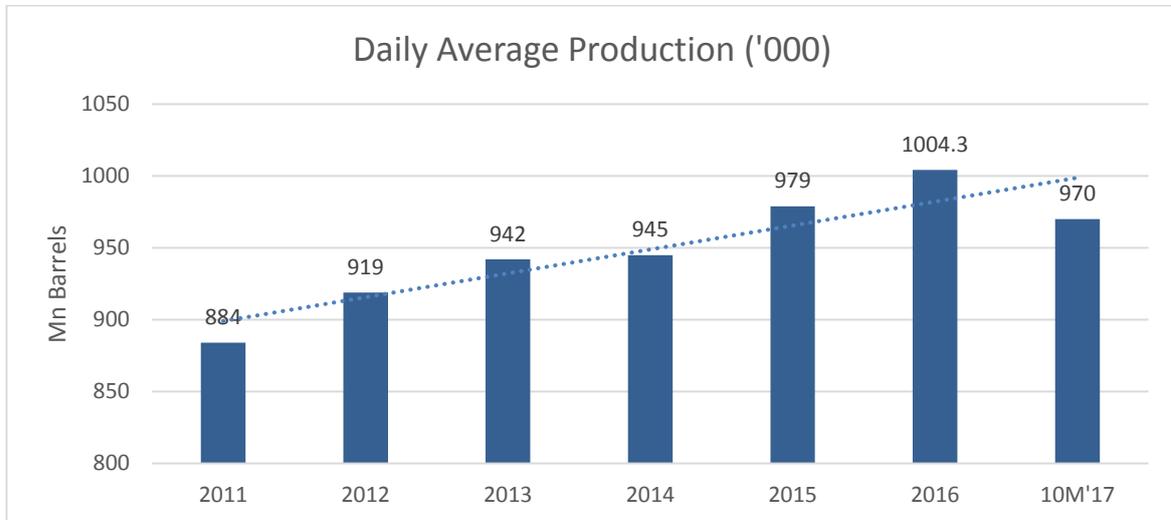
Oil prices remain the key driver of the outlook for MENA oil exporters given their high dependence on hydrocarbon budget revenues and exports. Having hit a 10-year low of less than \$30 a barrel in January 2016, oil prices have staged a credible recovery to about \$60 - \$65 a barrel. As per Bloomberg, oil prices averaged \$54.7 a barrel in 2017 and consensus estimates are in the range of \$58 – 62 a barrel for 2018. However, considerable uncertainty surrounds the oil price outlook on both the downside and upside, resulting from the global growth risks, sharp swings in the amount of oil supply outages, and ongoing consolidation and efficiency gains in the U.S. shale oil industry. Apart from oil prices, the region’s economic growth has been adversely impacted by regional conflicts such as the ongoing wars in countries such as Syria, Iraq and Libya.

The sharp and sustained decline in oil prices since mid-2014 has put significant pressures on the economy of Oman. However, the economy has withstood the pressures without much damage. This has been possible because of the high fiscal buffers, high capital requirements with the commercial banks and low level of government debt. Nevertheless, the prevailing global economic conditions and diminished fiscal space in oil exporting countries including Oman are a cause of some concern. As a results of the twin deficits (budget and current account) since 2015 and the subsequent rating downgrades, Oman has introduced fiscal reforms in order to consolidate its fiscal position in the medium term.

Oman’s net Government debt is relatively small and remains manageable although the IMF predicts that this will deteriorate further in the coming years. This may require significant reduction in current spending, an increase in oil prices in the short to medium term, strengthening of the institutions and restructuring of the economy in the long run. The Government has taken some important steps to mitigate the adverse impact of the decline

in oil revenue in previous years. These include cuts in subsidies, wages and benefits, defence and capital investments. Also, the government plans to introduce Value Added Tax in 2019. These measures along with the drawing down of reserves and additional borrowings both domestically and in the international market are expected to improve the financial stability of the country.

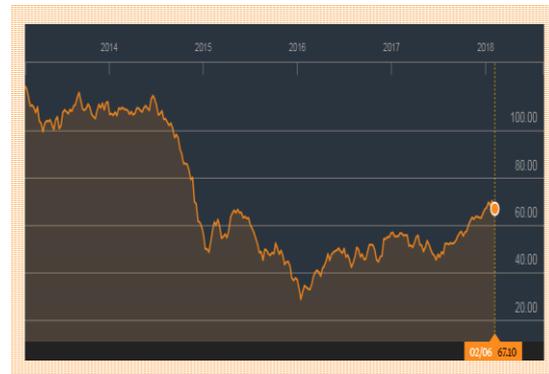
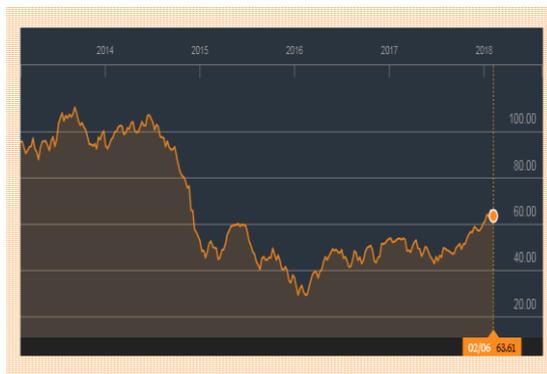
**Oman Oil production and Oil prices**



**International Crude Oil Prices**

**WTI (NYMEX) Price \$63.61**

**Brent Crude Oil (ICE) - \$67.10**



February 6, 2018

Source: [www.bloomberg.com](http://www.bloomberg.com)

**Oman economic performance**

Low level of oil prices during the past couple of years raised several challenges to the Omani economy which impacted overall economic activity. Economic growth moderated in 2016 to about 3%, from 4.2% in 2015, with non-hydrocarbon growth slowing from 4.2% to 3.4% given the continued impact of low oil prices. IMF expect overall growth will remain flat in 2017, as the oil production cuts agreed with OPEC will fully offset the 2.5% growth in the non-hydrocarbon sector.

Governments efforts to turn the goals of the 9th Development Plan into concrete actions through the Tanfeedh implementation process will aid in the development of non-hydrocarbon sector growth. Successful implementation of these initiatives will boost medium-term growth prospects. We expect non-hydrocarbon growth to average about 3.5% over the medium term. Improving the business environment, including by streamlining regulatory processes and increasing the level of vocational skills, will support efforts to increase private sector employment. While inflation is expected to increase in 2017 reflecting an expected increase in imported food prices and the continued impact of subsidy reforms, it should moderate subsequently.

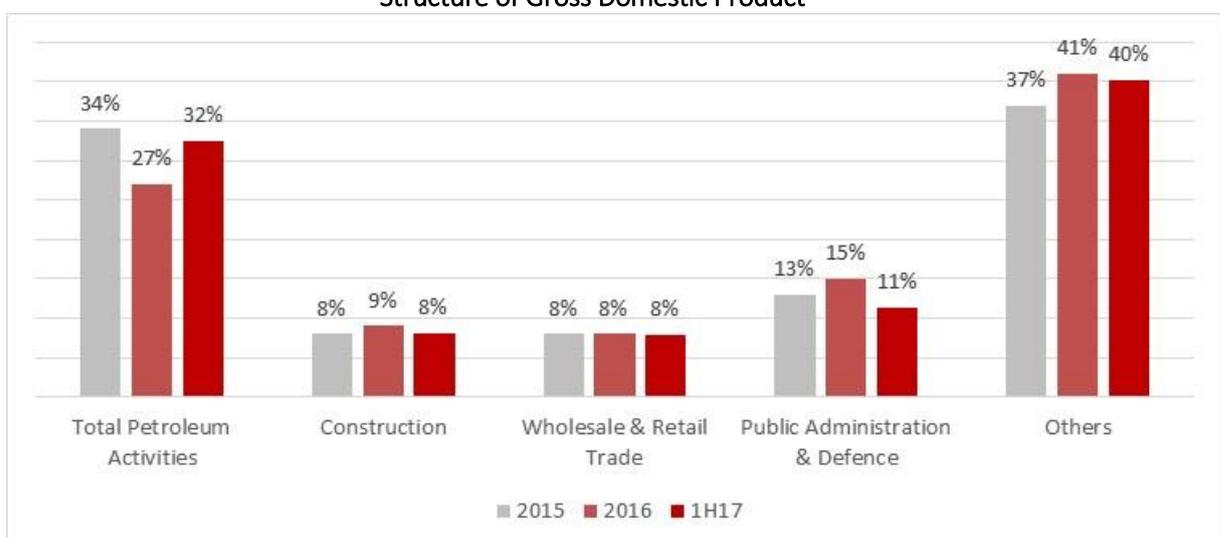
(Source: IMF Regional and Article IV Oman Report 2017)

Oman Public Finance for 10M'17 showed a deficit (before means of financing) of RO 3.2bn representing a decline of 33.4% (i.e. RO 1.6bn) on yearly basis as per the National Center for Statistics and Information. Post means of financing the remaining Surplus stood at RO 1.75bn compared with only RO 550.6mn in 10M'16. Net loans (not including net local loans) formed 82.9% of total loans compared with 62.8% in 10M'16 when financing from reserves had played a big role as it formed 28% of the total financing. Net oil revenues and gas revenues stood at RO 4.87bn, up by 26% on yearly basis and forming 74.2% of the total revenues which came at RO 6.57bn. Total expenditures were up by 5.6% to RO 9.4bn on higher current and investment expenditures. The latter formed 24.9% of total expenditure in 10M'17 compared to 22.6% for 10M'16. Current expenditures went up by 3.2% largely due to notable rise of Interest on Loans. Total oil and gas production expenditures (current and investment) saw a rise of 14% on yearly basis at RO 1.56bn during 10M'17.

The Omani crude oil price averaged US\$ 53.67 per barrel during 2017 as compared to US\$ 48.09 during 2016 and US\$ 56.5 per barrel during 2015. The daily average production of crude oil increased to 1,004.3 thousand barrels during 2016 from 979 thousand barrels in 2015 and 945 thousand barrels during 2014. Daily average crude production as of 10M2017 stand at 970 thousand barrels. Total petroleum activities as a percentage of GDP stood at about 33% as of June 2017 and accounted for about 71% of total Government revenues.

(Source: National Centre for Statistics & Information)

Structure of Gross Domestic Product



Oman has been taking major measures to strengthen its non-oil sectors, especially the industrial and mining sectors, as part of its diversification programmes. The country's national initiative for

diversification – Tanfeedh – is also taking several major initiatives to attract both foreign and local private investment to sustain economic growth.

## Oman Budget

After 2017, a year in which austerity was exercised, Oman this year came out with an expansionary budget giving the economy much needed stimulus and a push towards sustainable growth. The expansionary budget announcement met the expectation as the sustainable recovery in oil price would energize the Sultanate in coming out with a budget which meets the anticipation of all the segments of the society. Sectors which witnessed increased allocation for the year included; subsidy (43%), health (6.7%) and public services (2.7%). We believe maintaining the same amount of deficit despite increase in expenditure, would serve both the purpose of increasing the economic activity and also appeasing the credit rating agencies.

Oman government expects to earn revenue of OMR9.5bn in 2018 which is 9.2% higher than the budgeted revenue last year, on account of 11% increase in the oil and gas revenue and 5.0% increase in the non-oil revenue. In terms of breakup, oil & gas constitutes majority of the earnings at 71.4% followed by revenue from non-oil sources at 28.6%.

Oman government has budgeted spending of OMR12.5bn in 2018 which is 6.8% higher than the budgeted spending of last year and 2% lower than the actual expenditure of OMR12.7bn in 2017. According to the (preliminary) actual estimates, overall public spending totaled OMR12.7bn in 2017 compared to OMR11.7bn estimated in the budget, up by 9%. This was attributed to the rise in investment spending over development projects, oil and gas sector projects and electricity sector subsidy; as well as funding a number of budget items to meet necessary and urgent needs. In addition to high cost of public debt service as a result of increased borrowing. Despite the fact that the actual spending is higher than the estimated spending, the actual spending is, however, lower than actual spending recorded in 2016, by OMR208mn.

According to the preliminary final accounts, the actual fiscal deficit for FY17 is projected to be around OMR3.5bn. While the budget deficit for 2018 is estimated at OMR3bn i.e. 10% of GDP. Almost same set of arrangements have been planned as in 2017 to fund the deficit. Foreign borrowing of OMR 2.1bn would be arranged along with OMR 0.4bn borrowing from domestic sources and OMR 0.5bn would be taken from reserves. Government was pretty practical in taking up more than required borrowings in 2017 as it took into account the expected increase in the rate as signaled by Fed. As of October 2017 i.e. in 10M2017, government stands at surplus after means of financing at OMR 1.75bn.

(Source: U Capital Research)

## Oman credit rating

Oman has a long term credit rating of "BB" by Standard & Poor's with a stable outlook, "Baa3" with a negative outlook by Moody's Investor Services and "BBB-" with a negative outlook by Fitch.

Moody's have recently downgraded Oman in Mar 2018, in the prior year, they have downgraded once in 2017. The key driver of the downgrade is Moody's expectation that Oman's fiscal and external metrics will continue to weaken, in part reflecting institutional and policy constraints. Moreover, subdued growth over the next few years will weaken economic resiliency. The negative outlook reflects Moody's view that, despite a number of credit strengths, the balance of risks to the Baa3 rating is skewed to the downside. In the absence of significant measures to narrow the fiscal and current account deficits beyond the current plans, Oman's capacity to absorb potential shocks would erode further.

S&P have downgraded Oman's rating in Nov 2017, mainly due to the deficit in the general budget, which is largely financed through international debt and pressures on the country's external balance sheet. Further according to S&P, Oman's ratings are constrained by its dependence on the hydrocarbon sector, despite efforts to diversify.

|  | 2012     | 2013     | 2014     | 2015     | 2016     | 1H'17    |
|--|----------|----------|----------|----------|----------|----------|
| <b>GDP at current price (RO billion) *</b>                       | 29.5     | 30.4     | 31.2     | 26.9     | 25.69    | 13       |
| <b>Population – mid year (million)</b>                           | 3.6      | 3.9      | 4        | 4.2      | 4.41     | 4.55     |
| <b>Oil production (million barrels)</b>                          | 336      | 344      | 344      | 358      | 367.5    | 175.3    |
| <b>Oil and gas sector as % of GDP</b>                            | 52%      | 51%      | 47%      | 33%      | 27%      | 33%      |
| <b>Share of Oil and Gas Revenues in Total Government Revenue</b> | 86%      | 84%      | 72%      | 79%      | 68%      | 71%      |
| <b>Annual Inflation (%)</b>                                      | 2.90%    | 1.10%    | 1.00%    | 0.10%    | 1.10%    | 1.93%    |
| <b>MSM total market capitalization (RO billion)</b>              | 11.7     | 14.2     | 14.6     | 15.8     | 17.3     | 17.6     |
| <b>MSM 30 Share Price Index</b>                                  | 5,760.80 | 6,834.50 | 6,343.20 | 5,406.22 | 5,782.70 | 5,118.31 |

\* GDP data for 2015 - 2016 is preliminary while 1H'17 is provisional

Source: NCSI -Monthly Statistical Bulletins

### 3. RISK FACTORS AND MITIGANTS

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*The following risk factors are not comprehensive or exhaustive, as additional risks and uncertainties not presently known or that the Company currently believes not to be of significance may also have an impact on the Company and its proposed operations. The actual risks and the impact of such risks could be materially different from those mentioned herein. If any of these uncertainties develop into an actual event, the Company's proposed operations and results could be adversely impacted. It should also be noted that the Company intends to undertake steps and/or measures necessary in order to mitigate the risks referred to below apart from those that may be caused by factors that are beyond the Company's control, including, in particular, factors of a political and/or economic nature.*

*It is to be noted that past performance is not indicative of future results.*

*Subscribers should consider carefully whether an investment in the Bonds is suitable for them in light of the information in this Prospectus and their personal circumstances.*

#### 3.1 RISK FACTORS SPECIFIC TO THE ISSUER

##### a) Competition

The Company operates in a competitive business environment where it faces competition from other financing institutions, commercial companies, and specialized Companies. This could result in increased pressure on the level of business which could have a negative impact on margins and profitability.

The Company follows a customer centric business approach by providing high quality services and a wide range of products. The Company has been performing satisfactorily over the past in an increasingly competitive market and is confident of doing so in the future.

##### b) Regulatory Risk

The suspension, cancellation or restrictions on the Company's licence would result in the Company becoming incapable of carrying on its activities, which would have a material adverse effect on the Company's business and operating results.

The Company's policies and procedures are aimed at complying with the rules and regulations so any punitive regulatory action is unlikely.

##### c) Financial Risks

Financial institutions, including the Issuer, are faced with a number of risks arising from the nature of their business which includes credit risk (default by borrowers/ counter parties), interest rate risk (adverse movement in market rates), liquidity risk (inability to obtain required amount of funding at economical rates), currency risk (adverse movement in forex rates), price risk (adverse changes in market prices of securities/ investments/ assets), operations risk (risk of fraud, errors, improper documentation, etc), technology risk (data loss, interruptions, obsolescence) etc. Furthermore, if the liquidity of the banks remains tight and the Company is unable to pass on the higher cost of funds to the customers, its margins will be impacted. Any of these risks could affect the Company causing it to incur financial loss and loss of business.

The Company aims to follow a strategy of minimizing risk in order to reduce its vulnerability to adverse market conditions and this is reflected in the risk appetite set by the Board of Directors and implemented by management.

The low assumption of risk is mainly achieved through diversification of the asset portfolio. The Company has risk management function to oversee the risk management programme. In addition, oversight is provided by the Asset Liability Management Committee which includes representation from credit, treasury and risk management function.

Furthermore, sources of funding are regularly reviewed by the management, diversification through long-term and short-term borrowings, increasing the number of lenders, developing additional products like corporate deposits.

**d) Use of estimates and applicable standards**

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates relating to various items, including fair values estimation of investments, provision/impairment assessment for lease and deferred taxation. The estimates and associated assumptions are based on historical experience and various other factors that are believed by the Company to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets.

The management believes that judgements, estimates and assumptions used are reasonable and in line with industry practices. As much, the chances of actuals deviating from these assumptions is very minimal. Furthermore, the accounting standards used by the Company are a industry norm.

**e) New Accounting Standards and Interpretations**

A number of new standards, amendments to standards and interpretations not yet effective for the year ended 31 December 2017, have not been early adopted in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, with the exception of IFRS 9 - Financial Instruments.

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. It replaces IAS 39 Financial Instruments: Recognition and Measurement. In October 2017, the IASB issued Prepayment Features with Negative Compensation (Amendments to IFRS 9). The amendments are effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Company will apply IFRS 9, as issued in July 2014 initially on 1 January 2018 and will early adopt the amendments to IFRS 9 on the same date. Based on the assessment

undertaken to date, the total estimated adjustment (net of tax) on adoption of IFRS 9, is estimated to be a reduction of approximately RO 2.02 million to the impairment provision established at 31 December 2017. As permitted by the transitional provisions of IFRS 9, the Company elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition will be recognised in the opening retained earnings of subsequent period.

**f) Credit Rating**

Neither the Issuer nor the Bonds issued under this prospectus are rated by any credit rating agency. Credit ratings provide an evaluation of credit worthiness of the issuer or the bond.

In the absence of any credit rating, the prospective investors are required to carry out credit assessment themselves, instead of relying on any credit rating issued by a ratings agency.

**g) Business Growth**

The asset portfolio of the Company (Net Investment in Finance Debtors) has decreased by 3.1% year-on-year in 2017. If this trend continues, the Company will have difficulty in deploying the funding raised through the proposed bond issue.

Despite the decreased in asset portfolio, the Company has managed to post 5.1% year-on-year growth in Profit After Tax in 2017, due to implementation of cost and other internal controls. This shall provide reasonable comfort to prospective investors while assessing Taageer's ability to repay its borrowings.

**h) Non-Performing Advances Risk**

Any increase in the portfolio of the non-performing advances will have a material adverse effect on the financial condition and results of operations. The non-performing advances for the Company amounted to RO 8.2 million in Dec 2015, RO 8.6 million in Dec 2016, sharply increasing to RO 12.4 million in Dec 2017. Consequently, the Non-Performing Advances provision coverage has decreased from 0.93x in Dec 2015 to 0.86x in Dec 2016 and further to 0.65x in Dec 2017.

The Company has made provision against impaired assets, which are secured against leased assets. At 31 December 2017, impairment losses would have increased by RO 3.473million (2016 - RO 2.380million) had benefit of collateral not been obtained by the Company for the impaired leases. Thus, any change in the valuation of the collateral would the amount of provision and financial performance of the Company.

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria, which, in the judgment of local management, indicate that payment will most likely continue. These policies are continuously reviewed. Restructured / rescheduled loans amounted to RO 1,695,058 at 31 December 2017 (2016 RO 295,824). Out of those, one contract (2016 – two contracts) amounting to RO 64,271 (2016 - RO 87,526) is classified as on 31 December 2017. In the event, the (non-classified) restructured/refinanced loans are not able to adhere to the restructured/refinanced terms, these may be classified as Non-Performing Assets.

The Company follows prudent credit policies and processes through which it reviews the credit-worthiness of customers and manages its risk. Furthermore, despite decrease in provision coverage over time, the Company maintains adequate provision coverage as required by CBO.

**i) Unsecured and Subordinated Obligations**

The obligations of the Issuer under the Bonds are unsecured and subordinated to the senior debt, and rank only ahead of share capital of the Company. In the event of the dissolution or liquidation of the Issuer, any claims the Bondholders may have, will be subordinated to Senior Liabilities and that no amounts will be payable until all Senior Liabilities of the Issuer have been satisfied in full. Hence, subscribers should be aware that if Issuer becomes insolvent, any of Issuer's assets which are the subject of a valid security arrangement will not be available to satisfy the claims of Bondholders and secured and senior creditors will rank ahead of the claims of Bondholders accordingly.

**j) Asset Liability Mismatch**

Since Taageer is in the business of borrowing and lending money, it is exposed to the risk of mismatch in the tenors and other key terms of its borrowings and advances e.g. short term funding used for funding long term advances.

The Company's Asset and Liability Risk is monitored by the ALCO regularly to ensure that they are as per Company's documented policy guidelines.

**k) Available for Sale Financial Asset**

The Company holds a 5% stake in equity capital of The Arab Leasing Company, Sudan (unquoted investment). The carrying value of the investment was RO 0.58 million in Dec 2016, which decreased to RO 0.52 million in Dec 2017, as a result of re-measurement to cost. Any future re-measurement or impairment can potentially have a material adverse impact on financial performance of the Company.

**l) Concentration Risk**

The Company faces the risk that its liabilities might be concentrated from a few sources. As at Dec 2017, approximately 87% of liabilities of Taageer are constituted of bank borrowings (overdrafts, short term loans and long term loans). In the event, the bank(s) withdraw the facilities or do not renew them upon maturity, the Company will face a liquidity crunch and operations of the Company might be effected. Additionally, a few large customers might account for a substantial portion of credit exposure, this poses substantial concentration risk and any material adverse event affecting these customers might have significant impact on the financial position of Taageer.

The Company remains current on its obligations and has developed strong relationships with its bankers. As such, the possibility of banks withdrawing their facilities or not renewing the facilities at maturity is minimal. Furthermore, top 30 customers account for 13.95% of Net Finance Assets, which mitigates concentration risk from customers.

**m) Business Continuity Risks**

The Company's business may be affected by natural disasters and accidents such as fire, which may result in interruption of business, loss of property, records and information. Any interruption or threat, real or perceived, to the information technology (IT) systems of the Company could significantly impact its operations. This could have a substantial adverse impact on the financial position of the Company.

The Company has put in place a cohesive Disaster Recovery and Business Continuity Plan to ensure that it is prepared for such eventualities.

**n) Redemption Risk**

The Bonds are to be redeemed at the end of two years from the Allotment Date. Any adverse performance of the Company over this period could potentially lead to the Bonds not being redeemed as envisaged. This may be due to non-collection of finance receivables (as per the specified repayment schedule), non-renewal of bank facilities or sudden redemption of deposits, amongst others.

The Company has a consistent track record of profitability and aims at managing its business in a profitable manner without affecting its liquidity and solvency.

### 3.2 RISK FACTORS RELATING TO THE MARKET IN WHICH THE COMPANY OPERATES

**a) Economic Risk**

The Company's performance and prospects are directly linked to economic growth and outlook. Oman's economic growth is significantly influenced by the price of oil and the buoyant oil price over the past years led to sustained growth of the economy. This has helped most sectors and businesses in Oman, including the leasing sector. However, the sharp decline in the oil price during the last two years has adversely affected the sector. Any future credit rating downgrade of Oman may result in increased cost of borrowing or may limit the Issuer's ability to raise further capital at low costs which in turn could have a material adverse effect on its business, financial condition, results of operations or prospects.

The Company considers the economic outlook and its implications while drawing up its business plan. The Company has a well experienced and stable management. Further, the Board and the Company's management monitor the functioning of the Company and adopts suitable actions in the event of any unanticipated developments.

**b) Change in Regulations**

The Company's functioning is supervised by the CBO, CMA and MOCI. Any change in the prevailing policies and regulations could impact the Company's performance.

The Company works in a less restrictive environment than the banking companies. Additionally, the Company does not currently anticipate any radical changes in the rules, therefore, the impact of changes in the rules remain limited. Further, the Company has a well-experienced management team to adapt to such developments.

**c) Default by the Company's Clients and Counterparties**

Any potential or actual default by the Company's Clients and Counterparties on account of country, regional and political risks, economic risks, currency crises, etc. may adversely affect the Company's business and operations.

The Company has appropriate risk management policies and procedures to address these issues so that these do not have a material adverse impact on the Company's long term prospects.

d) **Market Risks**

(i) **Interest Rate Risk:**

Interest rate risk is the uncertainty of future earnings resulting from fluctuations in interest rates. The risk arises when there is a mismatch in the assets and liabilities, which are subject to interest rate adjustment within a specified period. The most important sources of interest rate risk are the Company's borrowings where fluctuations in interest rates, if any, are reflected in the results of operations.

The Company's leasing activities carry fixed rate of interest, hence, these activities do not expose the Company to interest rate risk. Borrowings at variable rates of interest expose the Company to cash flow interest rate risk. The interest rates on short-term borrowings with banks are subject to change upon re-negotiation of the facilities, which takes place on an annual basis in the case of overdrafts and at more frequent intervals in the case of short term loans. Further, Interest rate risk and trends are monitored closely by ALCO committee and management.

(ii) **Foreign Exchange Rate Risk**

Foreign currency risk is the risk arising from future commercial transactions or recognised financial assets or liabilities being denominated in a currency that is not the Company's functional currency.

The majority of the Company' transactions are denominated in the functional currency. Accordingly, foreign exchange risk is considered to be minimal.

### 3.3 RISK FACTORS RELATING TO THE BONDS

a) **Trading**

There may not be an active market in the Bonds subsequent to their listing on the MSM. Therefore, investors may face liquidity risk as well as price risk on account of possible liquidity issues that may in turn have an adverse effect on the market price of the Bonds regardless of the actual operating performance of the Company.

Furthermore, the MCDC may halt trading in the Bonds, from Interest Payment Record Date to the Interest Payment Date, to facilitate interest payment.

b) **Additionally, several factors can affect the prices of Bonds and their volatility. These factors include, but are not limited to:**

- Changes in the Company's operating results
- Economic developments and interest rate scenario

## 4. OBJECTS AND APPROVALS

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### 4.1 OVERVIEW

Taageer Finance Company SAOG is an Omani joint stock company registered with the Ministry of Commerce on 22 October 2005. The Company was incorporated as a closed stock Company on 24 December 2000 and was converted as an Omani joint stock Company on 21 October 2005 by a resolution of the shareholders passed on 27 August 2005.

The Company is engaged in the business of providing leasing, debt factoring, bridge loan and construction loans in the Sultanate of Oman. The Company's shares are listed on Muscat Securities Market. The registered office of the Company is located at Al-Khuwair, Muscat, Sultanate of Oman.

- Taageer successfully went Public in September 2005 through the maiden Public Issue which was oversubscribed 4.36 times with participation of 10,300 shareholders, making it the largest shareholder base amongst NBFCs.
- Taageer has its Head Office located in Al Khuwair with six branches spread across the Sultanate: Al Khuwair, Hatat Complex, Sohar, Nizwa, Salalah & Barka. This enables the Company to improve its accessibility to its invaluable customers. The company will continue to expand its branch network to create an integrated distribution network for both asset and liability products and also improve customer reach.
- Taageer offers various financial products to cater to the ever increasing needs of the business and consumer segments thereby playing an active role in contributing to the socio-economic development of the Sultanate of Oman.
- Taageer was two-time finalist in the prestigious Oman Awards for Excellence under the category "Flame of Excellence" in 2004 & 2005 and a finalist in 2005 under the category "People Development".
- Taageer has been awarded by the Ministry of Manpower for playing an active role in developing and recruiting Omani nationals in the private sector.
- Consistent profit making company and uninterrupted dividend payouts since inception

### 4.2 OBJECTS OF THE COMPANY

As per the Articles, the main objects of the Company are as under:

1) Finance, to give loans either with or without security according to the specified periods, and to grant loans on basis of any security or investment, or any property whether moveable or immovable, or any interest on them in the Sultanate of Oman or in any other Country, to run and supervise the activities of any other Company or for the purpose of recruiting, and rewarding any of the managers, Secretaries, Accountants and /or any experts or Agents.

2) To carry on the business activities of factoring, leasing, hire purchase, sale, lease and lease financing and extending working capital facilities to productive clients for raw materials and to provide bridge finance essentially for contracting companies, lessors and licensors of

movable immovable and other assets and properties including industrial or other plants, machinery, fittings and fixtures, tools, apparatus, utensils, material and things for any purpose whatsoever including but not being limited to civil, industrial, tourism, commercial, agricultural, dairy and transportation equipment, medical and scientific and educational apparatus resources, whatsoever.

3) To acquire moveable and immovable properties and assets other than lands for the purposes of lease, hire purchase, license or sale, hire, let on hire on such terms, conditions, consideration or extent as may appear feasible and for the purposes to acquire right, title or interest in such manner or to such extent in the property or properties, asset or assets so also to acquire permanent or temporary rights in properties and assets or otherwise to obtain control or such property under various financing arrangements;

4) To erect, construct, enlarge, alter or maintain factories, warehouses, roads, sewers and other buildings and structures including public and private works for every kind necessary or convenient for the Company's business;

5) To generally operate as a lease, hire purchase, factoring, receivable financing and sale financing company and finance development of land and putting up buildings thereon and financing of buildings (real estate) related to the priority sectors viz. manufacturing, base industries, tourism, commercial etc. Financing of immovable property shall be for the development of the productive sectors of the Sultanate's economy and shall includes financing of Commercial or residential properties.

6) To import, export and act as a commercial representative.

7) To take over on contract management responsibility for industrial units on a negotiated basis and to acquire on lease or rent industrial units.

8) To merge, amalgamate with or enter into partnership or profit-sharing arrangement with or co-operate with or subsidiaries or assist in any way any company, association or person, or arrangement in the nature of a partnership, co-operation or union of interests, with any person or persons, company or association engaged or interested or about to become engaged or interested in the carrying on or conduct of any business or enterprise which this company is authorized to carry on or conduct from which this company would or might derive any benefit, whether direct or indirect;

(9) To receive money on loan upon such terms as the company may approve; to make advances to customers and others, with or without security and upon such terms as the company may approve;

(10) To purchase, take on lease or in exchange, hire or otherwise acquire and hold for any estate or interest; (other than lands) any building, easements, rights, privileges, concessions, patents, patent rights, trademarks, trade names (in accordance with the laws in force in the Sultanate of Oman), secret processes, machinery, plant, stock-in-trade, and movable or immovable property of any kind whatsoever, necessary or convenient for the purpose of or in connection with the business of the company or any branch or department thereof;

(11) To sell, improve, manage, develop, exchange, lease, mortgage, enfranchise, dispose off, turn to account, or otherwise deal with, all or any part of the business or property or any

rights of the company either together or in portions, for such consideration as the company may think fit.

(12) To issue credit cards, custodian services and other activities relating to financial intermediation.

For achievement of its objects the Company shall have the right:-

(i) to draw, make, accept, endorse, negotiate, discount and execute promissory notes, bills of exchange and other negotiable instruments and commercial or trading documents concerning the business of the Company;

(ii) to form, promote, organise and assist or aid in forming, promoting, subsidising, organising or aiding companies, syndicates or partnerships of all kinds for the purpose of acquiring, obtaining on lease, licence or hire, the properties of the Company or any other Company or of advancing directly or indirectly the objectives thereof or for any other purpose which the Company may think expedient and to take or otherwise acquire, hold and dispose of shares, debentures and other securities in or of any such company and to subsidise or otherwise assist any such company, without indulging in investment business;

(iii) to enter into any contract, agreement or arrangements with the Government of the Sultanate of Oman, or Local Authorities or any other person, which may seem conducive to the Company's objects or any of them and to obtain from any such Government, Authority or person any concessions; decrees, rights or privileges whatsoever which the Company may think fit or which may seem to the Company capable of being turned to account and to comply with work, develop, carry out, exercise and turn to account any such arrangements, concessions, grants, decrees, rights or privileges;

(iv) to guarantee, indemnify or become liable for the payment of money or for the performance of any obligation by any other company, firm or person and to give any kind of security for the payment of such money or the performance of such obligation by such other company, firm or person and generally to transact all kinds of guarantee business and counter-guarantee business and for the aforesaid purposes to enter into any contract or contracts of suretyship either alone or with co-sureties and in any such contract of suretyship to waive all or any of the privileges to which sureties are by law entitled, and to secure if necessary any obligation or obligations undertaken by the company as guarantor or co-guarantor or otherwise by mortgage, charge, assignment or otherwise of the whole or any part of the undertaking, property, assets or revenue of the Company present or future;

(v) to issue and deposit any securities which the Company has power to issue by way of mortgage to secure any sum less than the nominal amount of such securities, and also by way of security for the performance of any contracts or obligations of the Company or of its customers or other persons or corporations having dealings with the Company or in whose business or undertakings the Company is interested, whether directly or indirectly;

(vi) to invest and deal with the moneys of the Company not immediately required by the Company, in such manner as may from time to time be determined;

(vii) to sell, improve, manage, develop, exchange, lease, mortgage, enfranchise, dispose off, turn to account, or otherwise deal with, all or any part of the business or property or any

rights of the Company either together or in portions, for such consideration as the Company may think fit.

(viii) to purchase or otherwise acquire or take on lease or licence land and buildings for the purposes of the Company and or to sublet, lease or sell the land and buildings so acquired and to provide any management services for any such land or buildings howsoever acquired;

(ix) to acquire shares in any other company whose objectives are related to those of this Company and to do any deed which may benefit the Company whether inside or outside the Sultanate of Oman;

(x) to merge with or participate in any company or corporation of which some or all of its objects are related to the Company's objects or the Company has a commercial interest in the same and to purchase any company in order to acquire its business;

(xi) to develop and turn to account any land acquired by the Company or in which it is interested, and in particular by laying out and preparing the same for building and warehousing purposes, constructing, altering, pulling down, decorating, painting, setting up and improving buildings and conveniences and by planting, paving, draining, farming, cultivating, letting out buildings on lease or rent, and by advancing money to and entering into contracts and arrangements of all kinds with builders, tenants and others;

(xii) to distribute amongst the members of the Company in specie any property of the Company and in particular any shares, debentures or securities of other Companies belonging to the Company or of which the Company may have the power to dispose;

(xiii) to do all such other things as are incidental or conducive to the above objects or any of them;

(xiv) in furtherance of the Company's objects to enter into contracts with individuals or companies within or outside the Sultanate of Oman for the management of all or part of its operations and activities, or for assistance in such management by local and foreign sources of expertise;

(xv) in furtherance of the Company's objects to perform all acts, enter into all contracts and dealings and do all things necessary, suitable, convenient or proper for the accomplishment thereof which are permissible under the laws of the Sultanate of Oman in force from time to time.

#### 4.3 LICENSES AND APPROVALS

The Company obtained and maintains valid licenses and memberships from the relevant authorities in order to pursue the activities for which it has been incorporated, which are as follows:

| Authority   | Purpose of License/<br>License No. | Issue Date                  | Expiry Date |
|-------------|------------------------------------|-----------------------------|-------------|
| <b>MOCI</b> | CR NO. 1663208                     | Registered on<br>24-12-2000 | 23-12-2020  |

|             |  |                  |  |
|-------------|--|------------------|--|
| <b>CBO</b>  | Restricted Finance and Leasing Company License | 22-11-2005*      | Ongoing as per Banking Law of Oman (Royal Decree 114/2000) |
| <b>OCCI</b> | OCCI No. 1195                                  | Renewed annually | 02-01-2019   |

\*re-issued on 22-05-2014 upon relocation of office

#### 4.4 CHANGES IN SHARE CAPITAL DURING 2012-2017

| <b>Year</b> | <b>Share Capital (opening)<br/>RO 000s</b> | <b>Distribution of bonus shares<br/>RO 000s</b> | <b>Share Capital (closing)<br/>RO 000s</b> |
|-------------|--|---|--|
|             |  |   |  |
| 2012        | 16,667                                     | 5,000   | 21,667                                     |
| 2013        | 21,667                                     | 2,033   | 23,700                                     |
| 2014        | 23,700                                     | 1,659   | 25,359                                     |
| 2015        | 25,359                                     | -   | 25,359                                     |
| 2016        | 25,359                                     | -   | 25,359                                     |
| 2017        | 25,359                                     | -   | 25,359                                     |

## 5. PURPOSE OF THE ISSUE AND ISSUE EXPENSES

### 5.1 PURPOSE OF THE ISSUE

The purpose of the Issue is to:

- Fund the general financing requirement of the Issuer; and
- Increase its long term fund resources.

### 5.2 ESTIMATED ISSUE EXPENSES

The estimated cost of the Issue under various heads is given in the following table. The Company will bear the expenses.

| Details                                  | Expense (R.O.)       |
|--|----------------------|
| Financial Advisor and Issue Manager Fees | 35,000               |
| Legal Advisor Fees                       | 5,000                |
| CMA Fee                                  | 2,000                |
| Registrar & Trustee Fee (MCDC)           | 7,500                |
| Collecting Bank                          | 5,000                |
| Miscellaneous Expenses / Contingency     | <u>5,000</u>         |
| <b>Total estimated issue expenses</b>    | <b><u>59,500</u></b> |

## 6. TERMS AND CONDITIONS OF THE BOND ISSUE

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### 6.1 THE ISSUE

The Bonds will be created and issued by the Company which is incorporated and registered in the Commercial Register maintained by the MOCI (C.R. No. 1/66320/8), and as a non-banking financial institution in Oman. The Issue is governed and has been made pursuant to the Articles and the Laws of Oman.

### 6.2 NOMINAL VALUE & ISSUE PRICE

Each Bond shall have a nominal value of R.O. 1.000 (Rial Omani One) with an Issue Price of R.O. 1.000 (Rial Omani One only) and no amount will be collected from subscribers as Issue Expenses.

### 6.3 ALLOTMENT DATE OF BONDS

The allotment of Bonds will be made on the Allotment Date as mentioned in Section 13.14 Proposed Timetable. Validity of the allotment shall be subject to CMA approval.

### 6.4 REDEMPTION

The Bonds shall be redeemed in full, by way of cheque or electronic transfer to the designated bondholders whose names appear on the register with MCDC, fifteen (15) days prior (i.e. 7 May 2020), to the Maturity Date (22 May 2020). Such payments will be made to the Bondholder's Bank account, as registered with MCDC and provided to the Company by MCDC. The Maturity Date of the Bonds shall be at end of 2 (Two) years from the Allotment Date.

If the maturity dates for the Bonds fall on a date that is not a Business Day, the payment will be made on the next Business Day as if it were the date that payment was due and no interest will accrue from and after the original payment date.

### 6.5 TRANSFER AGENT & TRUSTEE

The MCDC shall act as the Registrar and Transfer Agent with respect to the Bonds and shall also act as the Trustee in accordance with the terms of a Trust Deed which shall be entered into by and between the Company and the Trustee. The title to the Bonds passes on the recordation of the transfer in the Register maintained by the MCDC. The registered owner of the Bonds save as otherwise required by the Laws of Oman will be treated as the absolute owner of the Bonds for all purposes.

### 6.6 INTEREST PAYMENTS

Interest on the Bonds shall accrue with effect from the Allotment Date. All interest payments shall take place semi-annually in arrears. These payments will be made to the Bondholders whose names appear on the Register on the designated Interest Payment Record Date. Such payments will be made by cheque or electronic transfer to the Bondholder's Bank account, as registered with MCDC and provided to the Company by MCDC.

If the Interest Payment Date for the Bonds falls on a date that is not a Business Day, then the Interest Payment Date will be the next Business Day and no interest will accrue from and after the original date.

### 6.7 INTEREST RATE

Interest shall be calculated on the Face Value of the Bond at an interest rate of 5% (Five Percent) per annum. The interest rate shall remain fixed at the aforesaid rate for the entire tenor of the Bond. Interest calculation shall be made on the basis of the number of days in an interest period and a 365 (Three Hundred and Sixty Five) day year. The interest period shall be from the Allotment Date to the First Interest Payment Date (including the Allotment Date but excluding the First Interest Payment Date), and each successive period from Interest Payment Date to the next Interest Payment Date (Including the Interest Payment Date but excluding the next Interest Payment Date or Maturity Date in case of the last interest payment).

### 6.8 DEFAULT INTEREST

In the event that any interest payable by the Issuer under conditions 6.6, 6.7 and 6.20 of the terms and conditions is not paid on the due-date or otherwise in the manner provided by conditions 6.6, 6.7 and 6.20, the Issuer shall pay default interest at the rate of 1% p.a. (One percent per annum) over and above the applicable rate of interest on the overdue sum from the date of default up to the date of actual certification by the Issuer to the Trustee that payments have been made. So long as the default continues, the default interest shall continue to accrue on the same basis and shall be compounded annually.

### 6.9 LISTING ON THE MSM

The Bonds shall be listed on the bond segment of MSM. The Financial Advisor and Issue Manager shall complete all the formalities relating to the listing of the Bonds on the MSM.

### 6.10 REGISTRATION OF TRANSFERS

The administration of registration of transfers of Bonds shall be maintained by MCDC, the transfer agent which is normally responsible for maintaining the register of shares, bonds and other listed securities of all companies listed on the MSM. MCDC will act as the Registrar to the Bond and maintain the Register.

### 6.11 TRADING AND TRANSFERABILITY OF BONDS AND RESTRICTIONS ON TRANSFERABILITY

The Registrar will maintain a separate register of Bondholders, in which it will record transfers of Bonds that take place through trading on the MSM. Transfers may be made for a minimum of one Bond and transfer of any fractional Bond shall not be allowed.

Bondholders may sell their Bonds, or acquire additional Bonds, through the MSM by placing either a sell order, or a buy order, through any MSM registered broker. Trading through the MSM, as well as settlements and transfers through that market shall be governed under the rules applicable to trading of corporate bonds issued by MSM and the Laws of Oman.

The buyer shall provide his/her details to his/her broker who will in turn provide the buyer's details to register the Bond in the buyer's name. Bonds may be pledged, donated or bequeathed by notifying the Registrar to facilitate all necessary formalities.

MCDC will affect the registration of transfer of any Bonds. Any charges levied by the Registrar, MSM, Broker shall be borne by the buyer and the seller of the Bonds in accordance with the regulations. All transfers of Bonds and entries on the register of the Bondholders as maintained by the Registrar will be made subject to the regulations concerning transfer of Bonds.

### 6.12 VARIATION OF RIGHTS

The terms and conditions attaching to the Bonds shall be capable of amendment under the following circumstances:

- 7.1.1 In the event that any term or condition thereof needs to be amended in order to comply with the Laws of Oman, or change in the Laws of Oman, or any regulation of CBO, the CMA, the MSM, or MOCI, the Issuer shall be entitled to enforce such change or amendment forthwith, on condition that each Bondholder shall be duly notified by registered mail of such amendment, within 14 days.
- 7.1.2 In the event that the Issuer intends proposing any other amendment or variation to the terms and conditions attaching to the Bonds, it shall call a meeting of Bondholders for such purpose. The Bondholders shall be entitled to consider, and vote upon any such variation or amendment by way of formal meeting to be held, other than as specifically provided for herein, in accordance with procedures similar to that applying to general meetings of shareholders of public companies under the CCL and the Laws of Oman.

### 6.13 MEETINGS OF THE BONDHOLDERS GENERAL MEETING, MODIFICATIONS AND WAIVER

The Trust Deed contains provision for convening general meetings of Bondholders as per the CCL in order to consider matters affecting the interest of Bondholders as proposed by the Issuer, including the modification of any of these conditions or any provisions of the Trust Deed. Any such modification may be made if sanctioned by a Bondholders' Resolution as provided for in the Trust Deed.

1. Within 14 days of receipt of such a request, or an authorizing Board resolution, the Issuer shall, at its cost, issue a notice of meeting of the Bondholders which shall be published in two Arabic newspapers for two consecutive days and also be sent by

post to registered Bondholders, in each case, not less than 15 days prior to the appointed date of the meeting. A notice of a meeting of the Bondholders shall contain details of the place, date and time of the meeting, accompanied by a description of the agenda of the meeting setting out the main purpose and business of the meeting.

2. Any Director, the secretary of the company, or in the absence of aforementioned, a registered Bondholder in person, duly appointed at the Bondholders' meeting, may preside as the chairman of a meeting of the Bondholders.
3. A Bondholders' Resolution shall not be valid unless such meeting is attended by, personally or by proxy, a number of Bondholders representing at least two thirds of the Bonds outstanding. Failing such quorum, a second meeting shall be convened to discuss the same agenda. The date of the second meeting shall be notified to the Bondholders in the same manner followed with regard to the first meeting at least one week prior to the date set for the second meeting. A quorum representing one-third of the Bonds shall be sufficient for the second meeting, provided such second meeting is held within one month from the date of the first meeting. However, a Bondholders' Resolution to extend the redemption period of the Bonds or reduce the rate of interest or the principal debt of the securities or prejudices the rights of the Bondholders shall not be adopted unless the meeting is attended by Bondholders who represent two-third of the Bonds. Bondholders' Resolutions shall be adopted by two-thirds majority of the Bonds represented at the meeting.
4. In all circumstances, voting shall take place by way of a poll, in terms whereof each Bond shall represent 1 (One) vote. Resolutions shall be adopted by a two-thirds majority of the Bonds represented at the meeting through Bondholders present in person or by proxy.
5. Notwithstanding any other matters on which a Bondholders' Resolution would be required, a Bondholders' Resolution will be required in case of any proposal made by the Issuer to:
  - i) modify the dates on which interest is payable in respect of the Bonds or the maturity of the Bonds;
  - ii) reduce or cancel the principal amount or interest on the Bonds or modify the date of payment in respect of the Bonds;
  - iii) change the currency of payment of the Bonds; and
  - iv) sanction the exchange or substitution of the Bonds for, or the conversion of the Bonds into, notes, debentures, debenture stock or other obligations or securities of the Issuer or any other body corporate formed or to be formed.
6. The Trustee may agree, as per the powers vested in it by the Trust Deed, without the consent of the Bondholders, to:
  - i) any modification of any of the provisions of the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error, and
  - ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorization of any breach or proposed breach, of any of the provisions of the Trust Deed which does not, in the sole the opinion of the Trustee materially prejudice the interests of the Bondholders. Any such modification, authorization or waiver shall be binding on the Bondholders

and, if the Trustee so requires, shall be notified by the Issuer to the Bondholders as soon as is reasonably practicable. In the event that the Issuer fails to notify the Bondholders within a week, the Trustee shall be at liberty to notify the Bondholders.

7. In connection with the exercise of its functions (including but not limited to those functions which relate to any proposed modification, authorization or waiver) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim from, the Issuer any indemnification or payment in respect of any tax consequences of any such individual Bondholders.

#### 6.14 FURTHER ISSUES

The Issuer shall be at liberty from time to time to make further issues of bonds or any other debt, equity or hybrid (a combination of debt and equity) instrument including debt instruments ranking in priority to the Bonds in accordance with the CCL and the Laws of Oman.

#### 6.15 SECURITY & BONDHOLDER'S CLAIM OVER THE ASSETS

The Bonds will be unsecured and subordinated to the senior debt.

Assets held by the Company in a fiduciary capacity are excluded from the general pool of assets and must be distributed to the specified beneficiaries of those assets. Priority is also given to payment of all liquidation expenses (including fees of the administrator). The remaining assets of the Company in liquidation are distributed on a pro rata basis in the following order of priority:

- unpaid monthly salaries within the limit of three months or R.O. 1,000, whichever is less, plus employees' claims related to other entitlements
- claims by the Deposit Insurance Scheme, as a guarantor to the deposits
- claims of the CBO
- claims of "other creditors" of the Company in liquidation

In respect of repayment of principal and interest represented by the Bonds, the Bondholders will be unsecured and subordinated to Senior Liabilities of the Company and the Bond will form a part of the Issuer's Subordinated Liabilities. The rights of the Bondholders in respect of repayment of principal and interest represented by the Bonds will, however, rank *pari passu* with all other Subordinated Liabilities of the Issuer and have priority over payments to Shareholders.

#### 6.16 STATUS

The Bonds constitute a direct obligation of the Issuer and shall, save for such exceptions as may be provided for by the Laws of Oman, at all times rank *pari passu* without any preference among themselves.

## 6.17 UNDERTAKINGS AND COVENANTS

As long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer shall duly obtain and maintain in full force and effect all governmental approvals including any exchange rules in the market and valid transfer approvals, which may, as a result of any change in, or amendment to, the Laws of Oman subsequent to the commencement of the period of subscription of the Bonds, become necessary or desirable under the Laws of Oman for the execution, delivery and performance of the Bonds by the Issuer for the validity and enforceability of the Bonds. It shall also obtain all necessary governmental and administrative approvals in Oman for the payment of all amounts due in respect of the Bonds as is required by the terms of the Issue.

## 6.18 CORPORATE REORGANIZATION

In the event of any consolidation or amalgamation of the Issuer with any company or other corporate entity (other than a consolidation or amalgamation in which the Issuer is the continuing entity), or in the event of the occurrence of the sale or transfer of ownership of all the assets of the Issuer, the Issuer will forthwith notify the Bondholders of such event and it shall (to the extent permitted by law) cause the company or the corporate entity resulting from such consolidation or amalgamation, or which might have acquired such assets, as the case may be, to execute a trust deed supplemental to the Trust Deed (in form and substance satisfactory to the Trustee) such that the new entity assumes the obligations of the Issuer under the Trust Deed.

## 6.19 RATINGS

The Issuer or the Bonds have not been rated by any credit rating agency.

## 6.20 EVENTS OF DEFAULT

The following shall be treated as 'Events of Default' in connection with the Bonds being issued:

- a. The Issuer fails to pay any interest in respect of the Bonds until a period of 45 days after the relevant Interest Payment Date.
- b. An order has been issued or legislation passed directing the liquidation of the Issuer.
- c. The Issuer has stopped or intends to stop the payment of its debts generally or ceases to carry on business or substantially the whole of its business.
- d. The Issuer sells, transfers or otherwise disposes of, directly or indirectly, the whole or a substantial part of its undertaking or assets except a disposal at market value or in the ordinary course of its business or a disposal the terms of which have previously been approved by the majority of not less than two-thirds in value of the Bondholders. For this purpose, a certificate from the auditors of the Issuer for the time being shall be obtained stating that, in its opinion, the business or assets disposed of are not substantial. Such a certificate shall be conclusive evidence.
- e. The Issuer becomes insolvent or is unable to pay its debts as they mature or applies for the appointment of a liquidator or takes any proceedings under the prevailing laws for a deferment, readjustment, or compromise of its debts or any such arrangement with and for the benefit of the creditors. In each of such aforesaid events of default, the Trustee shall convene a meeting of the Bondholders and, if so directed by the Bondholders' Resolution, shall give notice to the Issuer that the Bond will immediately start to accrue default interest as per Condition 6.8 mentioned above.

## 6.21 PRESCRIPTION

Claims against the Issuer in respect of principal and interest shall become time-barred unless made within the limitation periods provided by the Laws of Oman.

## 6.22 GENERAL DUTIES AND OBLIGATIONS OF THE ISSUER TO BONDHOLDERS

- 6.22.1 The Issuer shall conduct its business of operating a Company in accordance with the laws of Oman, as well as all corporate and securities laws and regulations as may apply to it, or become applicable to it during the period of issue of the Bonds.
- 6.22.2 The Issuer shall prepare quarterly and annual financial statements in accordance with the laws applicable to Companies in Oman. Any Bondholder shall be entitled to be furnished with a copy of any released financial results, or annual report, within 14 (Fourteen) days of a written request for such information or report, which may be made to the Issuer.
- 6.22.3 The Issuer shall, in accordance with the regulatory requirements of Oman, publish its financial results in a timely manner in at least 1 (One) Arabic and 1 (One) English language newspaper, in each quarterly and annual financial reporting period.
- 6.22.4 In the event that the Bonds for any reason whatsoever become delisted from the MSM while still in issue, or are at any time removed from the electronically recorded registration system, the Issuer shall be entitled to issue Bond certificates as valid documents of title in respect of any Bonds then outstanding, as substitute to the electronic recording of ownership and title thereof.

## 6.23 ENFORCEMENT

At any time after the Bonds become due and payable and remain unredeemed, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Bonds.

## 6.24 OTHER RIGHTS ATTACHING TO THE BONDS

The Bonds, while being transferable, are not negotiable and cannot be dealt with as bills of exchange or under the laws applicable to bills of exchange or similar commercial banking instruments. However, the Bonds shall be capable of being pledged, ceded, sold, bequeathed, donated or dealt with in any way as may be ordinarily allowed under the Laws of Oman in respect of listed and stock market tradable securities.

## 6.25 SUBSCRIPTION PERIOD

The Issue shall open for subscription on 15 May 2018 and shall close on 20 May 2018 (both days inclusive).

## 6.26 JOINT AND FRACTION HOLDINGS

No joint holdings of a Bond shall be capable of registration. Each Bond shall be registered in the name of a single person or a single legal entity. The Issuer shall not be held responsible for any misappropriation, loss or damage which any person may suffer due to a loss arising from a holding which is, directly, or indirectly jointly held. No person shall be capable of registering a fraction of a holding of a Bond.

## 6.27 NOTICES

Notices to the Bondholders will be sent by the Issuer by mail at their respective addresses on the Register, and will be deemed to have been given on the date of mailing. Notices will also be published in one Arabic and one English newspaper having general circulation in Oman, and each such notice shall be deemed to have been given on the date of such publication or if published more than once or on different dates, on the first date on which such publication is made. Copies of all notices shall also be given by the Issuer to CMA.

## 6.28 DOCUMENTS FOR INSPECTION

The Articles, the Trust Deed and the audited financial statements of the Issuer for the Financial Year ended December 31, 2017 shall be available for inspection with the Trustee, at the specified offices of the Trustee and with the Financial Advisor and Issue Manager.

## 6.29 APPLICABILITY OF THE CBO RULES & REGULATIONS AND CCL

The issue of the Bonds shall be governed by the CCL and the Laws of Oman. To the extent that any clause herein does not comply with, or contradicts any Article or Chapter of such Law, the Law shall override the provisions contained in these terms and conditions. Nothing contained herein shall preclude any matter or dispute arising from the Issue from being adjudicated by a competent court of Oman. In case the CBO introduces any amendment to regulations, then the terms of the Bonds will be amended accordingly, if needed.

## 6.30 TRUSTEESHIP

MCDC will be appointed as Trustee to the Bondholders to oversee the compliance of the Issuer with the terms and conditions of the Issue, and to oversee, co-ordinate and monitor the status and the rights of the Bondholders.

## 6.31 GOVERNING LAW AND JURISDICTION

These terms and conditions shall be governed by and construed in accordance with the Laws of Oman and any disputes arising between the Trustee, on behalf of the Bondholders and the Issuer in respect of these Terms and Conditions or any interpretation thereof shall be subject to amicable negotiations between the Issuer and the Trustee on behalf of the Bondholders. Failing a satisfactory resolution of the dispute, the disputed matter may be referred to the concerned Primary Commercial Court of Oman for its adjudication.

## 6.32 TAXATION

All payments in respect of the Bonds by the Company will be made after withholding or deducting any present or future taxes, levies, imposts, duties, fees, assessments or other

charges of whatever nature imposed or levied under the laws of Oman as applicable at the relevant time.

### 6.33 PAYMENT SUBJECT TO LAWS

All payments are subject in all cases to: (a) any applicable laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 6.32 (Taxation); and (b) any withholding or deduction required by the tax rules/ regulations and/or the laws of Oman.

## 7. RIGHTS AND RESPONSIBILITIES

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### 7.1 TRUSTEE

#### 7.1.1 The following are the main rights and responsibilities of the Trustee

- Monitor material contracts, events, actions & announcements (including publication of annual financial statements) entered into or announced by the Issuer, from time to time. The Issuer shall inform the Trustee of any material transaction or contract that could be judged to affect the rights of Bondholders.
- Periodically confirm for itself the compliance by the Issuer with its obligations to make interest payments.
- Generally oversee that the terms and conditions of the Bonds, and of the Trust Deed, are adhered to by the Issuer.
- Act upon any reasonable request of a Bondholder, the auditors of the Issuer, the MOCI, CBO, MSM, CMA, or the Issuer itself, who may alert the MCDC to a situation which may constitute an event or breach which has, or potentially may have a material effect on the rights of the Bondholders.
- Act as intermediary in resolving any material dispute arising between the Issuer and any individual Bondholder, or collective number of Bondholders, on issues directly relevant to the terms and conditions attaching to the Bonds.
- In the event that the Issuer breaches any term, fails to make any timely payment due and payable to a Bondholder, or in the event that any material event takes place which in the opinion of the Trustee is deemed to have, or potentially materially affect the rights of the holders of the Bonds, the Trustee shall have the right to take actions in accordance with the procedures set out in the Trust Deed, so as to maintain and protect the rights of the Bondholders as a separate class of stakeholder of the Issuer.

#### Further Article 27 of the Executive Regulations provides for the following:

The Trustee shall monitor the Company's performance in respect of its obligations as mentioned in the Prospectus and to protect Bondholders' interests. In particular, it shall be responsible for the following:

- Calling for periodical reports from the Company and inspecting its books of accounts, records, registers, the Company's assets and the documents and reports related to the credit rating of the Company.
- Ensuring that the interest due on the Bonds has been paid to the Bondholders on each Interest Payment Date.
- Verifying that the Bonds are redeemed in accordance with the provisions and conditions contained in this Prospectus.
- Calling or causing to be called, the general meeting of Bondholders on any event which may affect the interests of the Bondholders or on a requisition by one or more Bondholders who own at least 10% of the total issued Bonds.

- Ascertaining that the funds raised through the issue of the Bonds are utilized in accordance with the Prospectus.
- Carrying out such other acts as necessary for the protection of the interests of the Bondholders.

The Trustee may seek the assistance of experts and professionals to perform its duties, without prejudice to their responsibility.

### 7.1.2 Rights and Powers of the Trustee

The Trustee shall have the following specific powers, in addition to any other powers that may be conferred upon it by the Laws of Oman:

- The Trustee shall forthwith upon any breach, regulatory failure, negligent act, or similar act or omission on the part of the Issuer, bring such matter to the attention of the Issuer, by way of written letter addressed to the chief executive officer of the Issuer. The parties shall use their best endeavor to restore any procedural issue, breach, and/or reach a fair and reasonable settlement of such matter. Where appropriate and agreed with the Issuer, the Trustee shall be entitled to decide and rule upon matters on behalf of the Bondholder without calling a meeting of Bondholders.
- In the event that the Issuer fails to remedy any breach or action a reasonable time period of having been given due notice by the Trustee to do so, or in the event that the Issuer unilaterally commits an act which may have a material effect on the holders of the Bonds, the Trustee shall be entitled to take such actions as it seems appropriate. Where possible and practical, depending on the circumstances, the Trustee shall act upon a decision of a meeting of Bondholders, by decision on a vote by the applicable majority. The Trustee shall also act upon an order or the guidance of duly empowered regulatory authorities in Oman.
- Where the issue to be decided upon is of a legal nature or based upon a dispute of facts, the Trustee shall have the right to appoint a legal adviser, or initiate legal proceedings in a court of law. The Trustee shall be entitled in all matters, unless it is proven that it acted negligently, recklessly, or not in the collective interest of the Bondholder, to be reimbursed by the Issuer within reasonable limits, for defending any legal actions arising from, or conducting any case relating to its office as Trustee, or matter of dispute as described above.
- In the event of meeting of the Bondholders taking place, it shall be convened and held in accordance with the procedure for meetings as contained in the Terms and Conditions of the Issue of Bonds.
- The Issuer shall provide the Trustee with the following documentation:
  - Annual, and Quarterly financial results of the Issuer.
  - A copy of all notices of general meetings of Shareholders of the Issuer.
- The Trustee shall be entitled to attend general meetings of the Shareholders of the Issuer, and where applicable shall be entitled to address such meeting as and when deemed appropriate by the Chairman of such meeting.

- The Trustee shall be entitled to request certain information from the Issuer in order for it to perform its functions appropriately and diligently. All reasonable requests of the Trustee shall be duly considered by the Issuer, who shall manage all ongoing communication with the Trustee through the office of its internal legal department. The Issuer shall not be obliged to provide information beyond what may be reasonable deemed to be appropriate.

## 7.2 BONDHOLDER'S RIGHTS

The Bondholders shall enjoy equal rights inherent in the ownership of Bonds as follows:

- The right to receive principal amount of the Bonds in accordance with Chapter 6 of this Prospectus.
- The right to receive interest payable on the Bonds in accordance with Chapter 6 of this Prospectus.
- The right to dispose or transfer the Bonds in accordance with Chapter 6 of this Prospectus and the Laws of Oman.
- In the event of the liquidation of the Company, the right to claim any amounts outstanding under the Bonds as a debt (subordinated) owed by the Company.
- The right to participate in Bondholders' meetings and to vote at such meetings in accordance with the provisions of the Trust Deed and the CCL.
- The right to inspect the balance sheet, profit and loss account and the reports of the Board of Directors and auditors, of the Company for the previous financial year, at the Company's principal place of business, during normal business hours on any day during the two-week period immediately preceding the Company's annual general meeting.
- The right to inspect the minutes of the Company's general meetings at the Company's principal place of business, and they have no right to participate in any other meetings of the Company.

## 8. RELATED PARTY TRANSACTIONS

Related parties comprise the shareholders, directors, key business personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions. Pricing policies and terms of these transactions are approved by the Company's management. The Company maintains significant balances with these related parties which arise in the normal course of business. The Company has entered into transactions in the ordinary course of business with other related parties in which certain directors have a significant influence and with senior management. The terms and conditions of these transactions are mutually agreed. During the period 2015 - 2017, the following transactions were carried out with related parties:

|   | 2017<br>RO'000 | 2016<br>RO'000 | 2015<br>RO'000 |
|---|----------------|----------------|----------------|
| <b>Transaction with related parties:</b>    |                |                |                |
| Interest on corporate and security deposits | 307            | 92             | 53             |
| Finance income                              | 1              | 1              | 1              |
| Occupancy Cost                              | -              | 140            | 140            |
| Medical and Credit Life Insurance Premium   | 296            | 239            | -              |
| Bank interest                               | 403            | 345            | -              |
| Dividend Income                             | -              | 34             | -              |
| <b>Related party balances:</b>              |                |                |                |
| Net investment in finance leases            | 32             | 14             | 16             |
| Corporate and security deposits             | 6,500          | 4,000          | -              |
| Medical and Credit Life Insurance           | 71             | 176            | -              |
| Bank borrowings                             | 9,000          | 10,000         | -              |
| Available for sale asset                    | -              | 582            | 582            |

## 9. FINANCIAL HIGHLIGHTS

The summarized financial performance of the Company (as per audited financial statements) for the period 2015 - 2017 is presented below. The complete financial statements are available on the Company's website [www.taageer.com](http://www.taageer.com).

### 9.1 HISTORICAL PROFIT & LOSS

|                                 | 2017         | 2016         | 2015         |
|---------------------------------|--------------|--------------|--------------|
| <i>R.O. '000</i>                |              |              |              |
| Net Interest Income             | 9,300        | 8,486        | 8,823        |
| Other Operating Income          | 1,081        | 1,344        | 858          |
|                                 | 10,381       | 9,830        | 9,681        |
| Expenses                        | (4,042)      | (3,955)      | (3,780)      |
| <b>Profit before Impairment</b> | <b>6,339</b> | <b>5,875</b> | <b>5,901</b> |
| Impairment and Provision        | (678)        | (882)        | (818)        |
| <b>Profit before Tax</b>        | <b>5,661</b> | <b>4,993</b> | <b>5,083</b> |
| Tax                             | (958)        | (519)        | (662)        |
| <b>Net Profit</b>               | <b>4,703</b> | <b>4,474</b> | <b>4,421</b> |

### 9.2 HISTORICAL BALANCE SHEET

|                                       | 2017           | 2016           | 2015           |
|---------------------------------------|----------------|----------------|----------------|
| <i>R.O. '000</i>                      |                |                |                |
| Net Investment in Finance Debtors     | 147,476        | 152,264        | 126,686        |
| Other Assets                          | 3,858          | 3,700          | 2,942          |
|                                       | <b>151,334</b> | <b>155,964</b> | <b>129,628</b> |
| Short Term Borrowings                 | 59,349         | 41,369         | 42,049         |
| Long Term Borrowings                  | 38,713         | 63,387         | 42,837         |
| Other Liabilities                     | 14,639         | 14,806         | 10,430         |
| <b>Total Liabilities</b>              | <b>112,701</b> | <b>119,562</b> | <b>95,316</b>  |
| Share Capital                         | 25,359         | 25,359         | 25,359         |
| Reserves                              | 4,067          | 3,660          | 3,213          |
| Retained Earnings                     | 9,207          | 7,383          | 5,740          |
| <b>Total Equity</b>                   | <b>38,633</b>  | <b>36,402</b>  | <b>34,312</b>  |
| <b>Total Liabilities &amp; Equity</b> | <b>151,334</b> | <b>155,964</b> | <b>129,628</b> |

## 10. KEY NOTES RELATING TO FINANCIAL STATEMENTS

### 10.1 NET INVESTMENT IN FINANCE DEBTORS

|   | 2017<br>RO 000        | 2016<br>RO 000        | 2015<br>RO 000        |
|---|-----------------------|-----------------------|-----------------------|
| Gross investment in finance debtors                           | 172,275               | 177,495               | 148,081               |
| Working capital finance and factoring receivable              | 10,190                | <u>8,684</u>          | <u>5,788</u>          |
| Unearned finance income                                       | <u>(25,861)</u>       | <u>(25,788)</u>       | <u>(18,834)</u>       |
|   | 156,604               | 160,391               | 135,035               |
| Provision for impairment of net investment in finance debtors | (8,059)               | (7,385)               | (7,578)               |
| Un-recognised contractual income                              | <u>(1,069)</u>        | <u>(742)</u>          | <u>(771)</u>          |
|   | <b><u>147,476</u></b> | <b><u>152,264</u></b> | <b><u>126,686</u></b> |

### 10.2 PROVISION FOR IMPAIRMENT OF FINANCE DEBTORS

|  | 2017<br>RO 000 | 2016<br>RO 000 | 2015<br>RO 000 |
|--|----------------|----------------|----------------|
| Opening Balance                                    | 7,385          | 7,578          | 6,741          |
| Charged during the year - net                      | 678            | 707            | 818            |
| (written off) / written back during the year       | 61             | (900)          | 19             |
| Provision for impairment against other receivables | (65)           | -              | -              |
| Closing Balance                                    | 8,059          | 7,385          | 7,578          |

### 10.3 PREVIOUS BOND ISSUES

During the year 2008, the Company issued unsecured, compulsorily convertible bonds on rights basis. During the year 2010, these bonds have been converted into equity shares of the Company.

### 10.4 LITIGATION

Due to the nature of Company's business, claims are a common occurrence. The Company has an established practice to deal with such claims. Once professional advice has been obtained and the quantum of potential damages reasonably estimated, the Company makes adjustments to account for any adverse effects which the claims may have on its financial standing.

To the best of the Company's knowledge, the Company does not have any major/material disputes, claims or legal proceedings pending in a court of law in Oman or outside, either instituted by, or against the Company, other than a few normal cases filed by customers in the normal course of business, which has significant impact on the Company's financial statements.

## 11. CORPORATE SNAPSHOT, BUSINESS PLAN, STRATEGY

**Mission:** "To Play an Instrumental Role In The Development Of The Corporate And SME Sector While Cultivating Entrepreneurship Culture In Society"

**Vision:** "To be a leading Finance company in the region"

### 11.1 CAPITAL AND STATUS

|   | 2017<br>RO '000 | 2016<br>RO '000 | 2015<br>RO '000 |
|---|-----------------|-----------------|-----------------|
| Authorized share capital of the Company | 30,000          | 30,000          | 30,000          |
| Paid up capital                         | 25,359          | 25,359          | 25,359          |

### 11.2 SHAREHOLDING

At 31 December, the shareholders who own 10% or more of the Company's share capital include:

| Shareholder Name                  | Country of Incorporation | Number of shares | Shareholding % |
|-----------------------------------|--------------------------|------------------|----------------|
| Oman Investment Fund              | Oman                     | 85,287,298       | 33.63%         |
| The Arab Investment Company S.A.A | KSA                      | 47,637,994       | 18.79%         |
| Iran Foreign Investment Company   | Iran                     | 31,685,320       | 12.49%         |

### 11.3 BUSINESS:

Taageer offers the following financial products to cater to the ever increasing needs of the business and consumer segments thereby playing an active role in contributing to the socio-economic development of the Sultanate of Oman.

TFC operates with a network of six (6) branches. TFC is regulated by the Central Bank of Oman (CBO) and as a listed Company also governed by regulations of Capital Market Authority (CMA), Oman. The Company is listed on Muscat Securities Market (MSM).

The Company has been voted and awarded by the general public as Oman's Most Trusted Brand in the NBFC category as per the survey conducted by Apex Publishing. This award is one of the biggest and prestigious branding awards in the Sultanate of Oman and voted by general public amongst nearly half a million votes polled online for over 450 brands from over 30 different categories in the 2017 edition.

Taageer offers following products, to corporate and retail segments:

- **Corporate Products:**

- **Lease Facility**

Taageer provides leasing facility to small, medium and large companies for acquisition of capital as well as income generating assets e.g. Trucks, Tippers, Excavators, Bull Dozers, Cranes, Graders, Factory or warehouse construction etc. Lease facility is available for new asset purchase as well as for used equipment.

- **Bill Discounting/ Receivable Financing**

This facility enables customers to get financing up to 80% of the invoice raised and certified by their clients. This caters to the working capital financing needs.

- **Corporate Deposits**

Taageer offers attractive rates to corporates for placing deposit with a tenure of equal to or over 6 months with a minimum amount of RO 10,000/-

- **Sale and Lease back**

Taageer offers sale and lease back facilities where client can refinance their assets and unlock their capital.

- **Other Products**

Additionally, Taageer also offers Tender Bonds, Performance Bonds, Advance Payment Guaranty, Letter of Credit etc and other Non-Funded facilities to enable customers to get 'the end to end financial facilities'.

- **Retail Products:**

- **Al Amthal**

Taageer offers Al Amthal Auto Finance, which facilitates faster approvals and simpler documentation to make it easier for customers to get the financing. Al Amthal caters to both brand new and pre-owned vehicles.

- **Al Hal**

Taageer offers Al Hal one-stop Personal Loan that comes with highly customizable solutions to meet a full range of personal and business needs.

- **Al Sahal**

Taageer offers Al Sahal Insurance for all automotive and other assets financed by the Company. Al Sahal offers coverage for vehicles and business assets e.g. plants, machinery and equipment. It also offers insurance facility at highly competitive premiums payable in twelve (12) installments.

#### 11.4 CUSTOMER SEGMENTS:

As on December 31, 2017, the distribution of net advances across retail and corporate segments for Taageer was as follows:

| Type of Advance   | As on 31 December 2017 |
|-------------------|------------------------|
| Retail Segment    | 51%                    |
| Corporate Segment | 49%                    |

## 11.5 FUTURE OUTLOOK

The Government is taking measures to address the constraints to attract regional and foreign investors by streamlining processes and improving the turnaround time for the ease of doing business.

A number of strategic projects have been initiated with an intent of the government not to cut development spending. Projects such as the new airport, expressways, water networks, hospitals and renewable energy generation would continue to get government funding. Proposals to set up free zones in Buraimi, Musandam are under discussion.

Despite challenges, the budget for 2018 has maintained development spending levels while limiting public spending in other areas. The existing key infrastructure projects, under execution, would continue to progress till completion.

Financial institutions would continue to provide financing to Small and Medium (SMEs) by identifying potential businesses. The asset portfolio of the Company has marginally declined by 3.23% during the year 2017 as compared to the previous year. Due to implementation of cost and other controls profit after tax grew by 5.12% year on year.

Controlled and cautious approach towards new business and recoveries to reduce Non-Performing Assets is the need of the hour and Taageer is geared up to this.

## 11.6 RISK MANAGEMENT

The Company has risk management function to oversee the risk management programme. In addition, oversight is provided by the Asset Liability Management Committee (ALCO) which includes representation from credit, treasury and risk management function. The Company has independent policies and procedures which address credit risk, liquidity risk and market risk, which arise from the Company's business.

## 11.7 CREDIT RISK AND CONTROL

As the Company's core business is lease financing, credit risk constitutes the major risk to the Company. Taageer carefully manages its exposure to credit risk. The Company's credit policy aims to ensure that the target portfolio credit loss will be less than 1% of the portfolio increase for the current year. The Board of Directors periodically reviews this loss norm along with the management.

In case of the portfolio of exposure to small and medium size enterprises (SMEs), the credit risk for individual counterparties are assessed at inception of the lease through a grading methodology based on repayment history along with financial evaluation of borrowers as per risk grading model as approved by the board of directors of the Company.

Credit risk in the case of the retail portfolio is assessed at the inception of the lease on the basis of the net disposable income of the counterparty, stability of employment in case of salaried clients and income levels from business /other sources for other categories of customers.

### 11.7.1 CREDIT RISK CONTROL AND MITIGATION POLICIES

The Company has established credit policies and procedures to manage credit exposure including evaluation of lease, credit worthiness, credit approvals, assigning credit limits, obtaining securities such as lien on title on leased assets, security deposits, personal guarantees and mortgages over properties. Exposure to credit risk is managed through regular analysis of the ability of lessees to meet repayment obligations.

Working capital finance and factoring receivables includes amounts advanced to clients in respect of debts factored interest on the amounts advanced and related charges. In the event of default in settlement of debts factored by customers of the client, the Company has recourse to the client.

The Company has clear policies in place to identify early warning signals and to initiate appropriate and timely remedial actions. Some of the early warning indicators are listed below:

- frequent dishonour of cheques;
- inability to reach the customer over phone or in person;
- lack of response to written communications;
- utilised limits in excess of authorised limits as disclosed by BCSB data;
- inability to obtain current financials; and
- adverse market feedback.

### 11.8 AVAILABLE FOR SALE INVESTMENT:

The Company hold 5% stake in equity capital of Arab Leasing Company, Sudan (Unquoted Investment). The carrying value of the investment was RO 0.52million on Dec 2017 (RO 0.58: Dec 2016).

### 11.9 COMPANY PERFORMANCE OVERVIEW:

The five-year financial overview of the Company is summarized below:

|                         | Dec-17<br>12 Months | Dec-16<br>12 Months | Dec-15<br>12 Months | Dec-14<br>12 Months | Dec-13<br>12 Months |
|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Net Finance Income      | 9,300               | 8,486               | 8,823               | 7,236               | 7,100               |
| Net Profit              | 4,703               | 4,474               | 4,421               | 3,883               | 3,924               |
| Total Assets            | 151,334             | 155,964             | 129,628             | 110,681             | 105,285             |
| Share Capital           | 25,359              | 25,359              | 25,359              | 25,359              | 23,700              |
| Net Worth               | 38,633              | 36,402              | 34,312              | 32,427              | 31,123              |
| Net Investment in lease | 147,476             | 152,264             | 126,686             | 107,306             | 101,958             |
| Total Borrowings        | 108,154             | 111,808             | 89,253              | 71,556              | 67,299              |

*Figures in RO 000s*

For complete financial statements, please visit Company's website: [www.taageer.com](http://www.taageer.com) or MSM website: [www.msm.gov.om](http://www.msm.gov.om).

- The lease portfolio of the Company has grown at a CAGR of 9.7% during the period 2013 – 2017
- Net Profit has grown at a CAGR of 4.6% during the period 2013-2017
- Total assets of the Company have grown at a CAGR of 9.5% during the period 2013 – 2017
- The Company has posted Return on Equity of 12.2% for the year ended Dec 2017
- The Company operates with a branch network of six (6) branches

#### 11.10 GEARING RATIO – CBO LIMITS AND STATUS:

The Company has a limit of gearing ratio of 5 times as stipulated by the Capital Adequacy norms specified by the Central Bank of Oman. The Company has gearing ratio 2.92x in Dec 2017 (Dec 2016: 3.28x), this ratio is in compliance with the CBO stipulations.

|                              | 2017        | 2016        |
|------------------------------|-------------|-------------|
|                              | RO 000      | RO 000      |
| Total Liabilities            | 112,701     | 119,562     |
| Total Equity                 | 38,633      | 36,402      |
| <b>Gearing Ratio (times)</b> | <b>2.92</b> | <b>3.28</b> |

##### 11.10.1 KEY TERMS OF BORROWINGS:

- The Company has availed short term borrowing facilities from various commercial banks. These facilities secured against pari-passu charges over net investment in finance leases, working capital finance and factoring receivables. Interest on bank overdraft and short-term bank loans ranged between 3.00% to 6.00% (2016 - 3.00% to 6.00%) per annum.
- The Company has entered into long term loan facility agreements with commercial banks. These loans carry interest at rates ranging between 4.40% to 5.70% (2016 - 3.00% to 5.75%) per annum and are secured by a pari-passu charge over the total assets of the Company. The maturity dates of the aforementioned facilities range from February 2018 to July 2020.
- The Company accepts term deposits from corporate customers in accordance with the Central Bank of Oman guidelines for a minimum period of 6 months. The interest rates on corporate and security deposits range between 2.75% to 5.25% per annum (2016 - 4.75% to 5.25% per annum).

#### 11.11 INTERNAL AUDIT:

During the year 2017, the company appointed Moore Stephens LLC to conduct the Internal Audit of the company along with an in-house Internal Auditor.

The Internal Audit work plan is drawn up in consultation with the Audit & Risk Committee. Internal Audit is done on a quarterly basis and a report is submitted to the Audit & Risk

Committee for their review. The audit covers areas of operations of the company as per the approved internal audit work plan. The Management has responded to the various issues raised by the Internal Auditor and submits a compliance report on the same. There were no major adverse observations pointed out by the Internal Auditor of the Company during the year ended Dec 2017.

#### 11.12 TAX STATUS:

Taageer is a taxable entity, income tax is applicable at the rate of 15% on taxable profits. The tax returns of the Company for the tax years 2010 to 2016 have not yet been agreed with the Secretariat General for Taxation at the Ministry of Finance. The management is of the opinion that any other additional taxes, if any, related to the open tax years would not be material to the Company's financial position as at 31 December 2017.

#### 11.13 CLAIMS AND CONTINGENT LIABILITIES:

The Company has given counter guarantee to a commercial bank to the extent of RO 246,176 (2016 - RO 235,384) in respect of performance bonds, advance payment guarantees, letter of credits, etc. issued by the banks on behalf of the Company's customers. Furthermore, the Company does not have lease commitments as at 31 December 2017 (2016 – nil).

#### 11.14 NON-COMPLIANCE:

Other than the stated below, Taageer is not aware of any other non-compliance with the law, regulation, or any other requirement of a statutory authority, nor has it been subject to penalty for any breach as on 31 December 2017:

- a) During the year the company has paid RO. 14,200 to Central Bank of Oman (CBO), as penalties which were not recoverable from the customers.
- b) During the year we have reported a classification of financial obligation of two of the senior members as required under circular FM-15 of CBO.
- c) In respect of forwarding the Board Agenda for January-17, April-17, July-17, October-17 and December-17 there was a delay of 6, 4, 3, 3 and 4 days.
- d) In respect of forwarding the Board Minutes to Chairman for January-17, April-17, July-17, October-17 and December-17 there was a delay of 43, 21, 17, 31 and 10 days. There was delay in forwarding the Chairman approved minutes to the Board Members -26 days for January-17, 2 days for April-17, 15 days for October-2017.
- e) The renewal of Banking Facilities amounting to RO 10 Million sanctioned by Ahli Bank SAOG, a Related Party transaction, during the year 2017 and 2016 was not routed through the Audit & Risk Committee but was ratified / approved at the Board Meeting held on 25 January 2018 by the Board Members other the Related parties.
- f) Executive MGT has not proposed the Revision for existing Corporate Governance Manual to incorporate the important changes to be adopted by the Company as per new Code of Corporate Governance which is applicable from July 2016, the same shall be revised by March 2018.

#### 11.15 CORPORATE SOCIAL RESPONSIBILITY:

Taageer is committed to shoulder its financial responsibility in social sphere. During the financial year 2017, Taageer has contributed sums aggregating to RO 9,679 against an amount of RO 30,000 approved at AGM on 27th March 2017 to associations engaged in promoting welfare of the Disabled, Elderly Friends, Blind, Diabetic and in spreading cancer awareness.

#### 11.16 CREDIT RATING:

Neither the Issuer nor the bonds offered under this prospectus are rated by any Credit Rating Agency.

## 12. CORPORATE GOVERNANCE, BOARD, TOP MANAGEMENT

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*This section summarizes the Company's corporate structure effective as at the date of this Prospectus. The description provided hereafter neither purports to give a complete overview of the Articles, nor of relevant provisions of Omani law. The contents of this section should not be considered as legal advice regarding these matters. A copy of the Articles is available in the registered office of the Company.*

### CORPORATE GOVERNANCE

The respective roles and responsibilities of the Board and management team of the Company are, in large part, governed by the provisions of the CCL, the Articles, the Code of Corporate Governance and relevant circulars issued by the CBO and the CMA.

#### 12.1 COMPANY'S APPROACH TO CORPORATE GOVERNANCE

Taageer's philosophy of corporate governance is aimed at promoting trusteeship, transparency, empowerment, control and ethical corporate citizenship. Taageer is committed to working with its stakeholders to improve the economic development. It strives to achieve this by implementing corporate governance in compliance within guidelines set by the Central Bank of Oman and the Capital Market Authority.

#### 12.2 THE BOARD

##### 12.2.1 Role of Board

The Board of Directors play a central role within the business organization in developing the Company's strategic and organizational objectives as well as in ensuring the effectiveness of the internal controls.

##### 12.2.2 Responsibilities and Functions of Board

The Board of Directors shall be responsible for the following:

- Election of Chairman and Dy Chairman.
- Investing of surplus funds in long term investments.
- Establishing Branches/agencies or representative offices.
- Appointing Secretary of the Board.
- Approving the business and financial policy of the Company to meet the objectives of the business and to maximize the shareholders' value and to review them periodically
- Ensuring that all the risks to which the Company is exposed to are identified and to ensure that the required people, policies, procedure, systems and methodologies are in place to address the risks. The board is mainly responsible for the following significant risk management activities:
  - 1) Ensuring implementation of a Risk Management Framework and maintaining adequate and capable infrastructure to support the framework.
  - 2) Reviewing and approving the risk management policies and communicating the same to all concerned Company personnel.
  - 3) Reviewing regularly any significant risk issues highlighted by its relevant committee and business divisions to amend and update the risk management strategies and policies.

- Reviewing and approving the Company's compliance policy to ensure strict adherence to the regulatory and statutory guidelines.
- Reviewing and approving the Company's financial objectives, strategic plan of the Company and reviews it on an annual basis along with the budget.
- Approving the internal regulations of the Company regarding routine activities and specifying the responsibilities and the authorities of the executive management.
- Approving the delegation of power to the executive management.
- Reviewing the Company's performance to evaluate whether the business is properly managed according to the Company's objective and ensuring compliance with the laws and regulations through proper internal control systems.
- Approving the transactions with the related party, which are in the ordinary course of business prior to execution.
- Reviewing material transactions with the related party, which are not in the ordinary course of business prior to the same being brought before the general meeting of the Company.
- Approving and implementing the disclosure policy of the Company and monitoring its compliance with the regulatory requirements.
- Reviewing the Company's performance to evaluate whether the business is properly managed.
- Nominating the members of the sub-committees and specifying their roles, responsibilities and power
- Selecting the CEO/General Manager/Head of Internal Audit/Compliance Officer and other key executives and specifying their roles, responsibilities and power.
- Evaluating, at least annually, the functions of the sub committees, CEO and key employees.
- Approving quarterly and annual financial statements.
- Introducing new policies and amending the existing policies of the Company.
- Purchase and disposal of (1) Land and Buildings and (2) Fixed assets other than the approved budget.
- Reporting to the shareholders, in the annual report, about the going concern status of the Company with supporting assumptions and qualifications as necessary.
- Amendments to Company's Articles of Association to be presented for approval at the Extra-Ordinary General Meeting
- All other activities vested under the Articles of Association.
- Approving and presenting information accurately and timely to shareholders according to disclosure requirements issued by the Capital Market Authority.
- To ensure that after the constitution of the board, an induction programme to introduce new directors to the business and operations of the Company, especially the financial and legal aspects thereof, if necessary.

### 12.2.3 Composition of the Board

The Board currently consists of 8 directors, including the Chairman and Deputy Chairman. The present members of the current Board were elected on 22 March 2018 and a brief profile of the directors is provided below.

| Sr. No. | Name of Director                  | Position      | Representing                    |
|---------|-----------------------------------|---------------|---------------------------------|
| 1       | Sheikh Faisal Al Hashar           | Chairman      | Oman Investment Fund            |
| 2       | Mr. Anwar Hilal Al Jabri*         | Vice Chairman | Independent                     |
| 3       | Mr. Fahad Al Haqbani              | Director      | The Arab Investment Company     |
| 4       | Mr. Saleh Nasser Al Riyami        | Director      | Independent                     |
| 5       | Sheikh Khalid Mohamed Al Hamoodah | Director      | Independent                     |
| 6       | Mr. Ali Shahbandian               | Director      | Iran Foreign Investment Company |
| 7       | Mr. Hussain Mohamed Redha         | Director      | Independent                     |
| 8       | Mr. Said bin Ahmed Safrar         | Director      | Independent                     |

Based on the Company's disclosure on Muscat Securities Market (MSM) website on 3<sup>rd</sup> May 2018, please note that Mr. Anwar Al-Jabri has resigned from the Board of Taageer Finance Co. SAOG.

A brief profile of the Board of Directors is provided below:

#### 12.2.4 Brief Profile of Board of Directors

##### Sheikh Faisal Al Hashar

Sheikh Faisal Al Hashar, Chairman of the company holds a B.S. degree in Marketing from North West Missouri University, U.S.A. His experience stretches over a period of over 30 years; both in the Public Sector and the Private Sector companies and organizations. In the Public Sector, he held the position of Director General till September, 1997, and in the Private Sector, his last position was as the Managing Director of Shell Oman Marketing Co. SAOG till June 2010. He also held the position of a board member in 3 consecutive terms in Shell Oman from 2002, and currently is the Chairman of the Board of the Rural Areas Electricity Company (SAOC). Recently he has been appointed as Honorary Council of Austria to the Sultanate of Oman.

##### Mr. Anwar Hilal Hamdoon Al Jabri

Mr. Anwar Al-Jabri is a Director of the company with over 16 years of experience in investments, banking and financial services. He holds a position of an Investment Director at Oman Investment Fund (OIF), a Sovereign Wealth Fund of the Sultanate of Oman. He serves in various public and non-public company boards locally and internationally. Previously, he worked for Oman Refinery Company and the Central Bank of Oman holding various senior posts in Investment and Finance fields. He holds a Bachelor's of Science in Accounting Degree (BS.A), Masters of Business Administration (MBA), and Certified Public Accountant (CPA).

##### Mr. Fahad Abdullah Al-Haqbani

Mr. Fahad Al Haqbani is Vice Chairman of the company with over 24 years of experience in investments and financial services. He holds a Masters degree in International Marketing from the University of Strathclyde, Glasgow, United Kingdom, and a B.A. in Business Administration from King Saud University, Saudi Arabia. He has been serving The Arab Investment Company, Saudi Arabia for over 16 years. Currently he is the General Manger of

Finance & Administration Affairs and Member of Investment Committee and Credit Committee of the Arab Investment Company, Saudi Arabia.

He has served as a member of the Board of Directors of Allianz Insurance Company of Egypt, the Saudi Hotel Services Company, and Syrian Arab Company for Hotels & Tourism. Currently, he is a member of Board of Directors of the Arab International Co. for Hotels & Tourism, Egypt.

#### **Mr. Saleh Nasser Al Riyami**

Mr. Saleh Nasser Al Riyami, Director of the Company, has a Bachelor in Business Administration (Management), American College – Atlanta, Georgia. He is on the Board of Oman Ceramic Company SAOG as Vice Chairman, and Director in Al Madina Takaful SAOG. Mr. Riyami has over 20 years of experience in the areas of Finance and Investment.

#### **Sheikh. Khalid Mohamed Ali Al Hamoodah**

Sheikh. Khalid Mohammed Ali Al Hamoodah is currently the Assistant Executive President of Diwan of Royal Court Pension Fund and holds a degree in business administration from Coventry University, UK. He has over 20 years of experience in variety of leadership and strategic positions. He has been serving Diwan of Royal court for more than 19 years in different capacities and accumulated experience in operational management, administration, project execution, and investments in various asset classes especially in real estate. Included in his responsibility is spearheading the investment department of the Pension Fund. He also plays an integral part in the investment committee of the Pension Fund. Prior to Diwan of Royal court he had a small stint in Ministry of Oil and Gas.

Currently, he is serving as board member in Muscat GAS SAOG (Oman), Al Masah Capital Diamond Lifestyle Fund (UAE), NBO GCC Fund (Oman) and Muscat Fund (Oman) managed by Bank Muscat. He is also the member of executive committee of Muscat Gas SAOG.

#### **Mr. Ali Shahbandian**

Mr. Ali Shahbandian, Director of the Company is a Chartered Financial Analyst (CFA) with over 10 years of experience in the equity markets, Financial Analysis, Auditing etc. Currently, Mr. Shahbandian is the Acting Director of Assemblies and Shares Affairs of Iran Foreign Investments Company (IFIC) in Iran.

#### **Mr. Hussain Mohamed Redha Ali Al Lawati**

Mr. Hussain Mohamed Redha Ali Al Lawati, Director of the Company holds a Bachelors' degree in Accountancy from the University of Carleton, Canada. He is also a Chartered Financial Analyst (CFA).

He has an experience in the Private Equity and Investment Management industry for over 10 years, focusing on the financial services sectors. He is currently an Investment Manager with Oman Investment Fund. He is also the member of the Board, HR and Executive Committee of National Life and General Insurance Company, member of the Board and Investment Committee of Petro Vietnam Insurance Company, Vietnam, Board member of Retail Arabic International, UAE and Board and Audit & Risk Committee member of a newly formed company in Oman called Strategic & Precious Metal Processing Company.

**Mr. Said bin Ahmed Safrar**

Mr. Said Ahmed Safrar holds a Masters Degree in Business Administration (MBA) from the University of Hull, UK

He has over 10 years of experience in the Private Equity and Investment Management industry, with a focus on the financial services sectors. He is currently an Investment Manager with Oman Investment Fund. He is also the member of the Board, HR and Executive Committee of National Life and General Insurance Company, member of the Board and Investment Committee of Petro Vietnam Insurance Company, Vietnam, Board member of Retail Arabic International, UAE and Board and Audit Committee member of a newly formed company in Oman called Strategic & Precious Metal Processing Company.

**12.2.5 Rules and Conditions for Election of Directors**

The following are the main provision set out in the Company's Articles of Association, concerning the nomination and election of the Board of Directors:

a) The Company shall be managed by a Board of Directors consisting of 8 members elected by the General Meeting from amongst the shareholders or non-shareholders, provided that the elected member if he is a shareholder shall continue maintaining the title of at least 200,000 shares.

b) The period of the membership of the board of directors shall be for a maximum period of three (03) years. The board member may be re-nominated for other similar period

c) Subject to the provisions of the Commercial Companies Law and the amendments thereto, when the Company's board of directors is formed the following provisions shall be complied with for formation of the Board of Directors:

1. All of the Board Members must be non-executives.
2. A minimum of one third (1/3) of the Board Members must be independent directors as per the Code of Corporate Governance.
3. A juristic person shall not be represented on the Board by more than one director. In case a juristic person's representative has been elected as a member of the Board of Directors such juristic person may from time to time replace the elected member with another member by written notice to be submitted to the Company. The newly appointed member shall abide by the provisions of these Articles of Association and provide the Company with such other information as may be required in accordance with the Law. The new member shall occupy the office of membership for the remaining period of his predecessor.
4. One member shall not serve as CEO / Director-General and Chairman at the same time.
5. Be of good conduct and sound reputation.
6. Be at least 25 years old.
7. Not be unable to settle their indebtedness to the Company.

8. Not be declared insolvent or bankrupt unless the state of insolvency or bankruptcy has ceased pursuant to the laws of Oman.
9. Not be convicted of a felony or a dishonorable crime unless he has been rehabilitated.
10. Not be a member or represent a juristic person, on the boards of more than four public joint stock companies based in the Sultanate of Oman once appointed to the Board of the Company.
11. Be authorized to nominate himself to the membership of the Board of Directors by the juristic person if he is nominated by a juristic entity.
12. Not be a member of the board of directors of a public or closed joint stock company which is based in the Sultanate of Oman and which is carrying on commercial activities similar to those of the Company; and
13. Present an acknowledgement which contains a statement of the number of his shares, if he is a shareholder, with an undertaking that he will not dispose of such shares to the extent that he shall cease to be a shareholder in the Company, throughout the term of his office.

d) The directors shall be elected by direct secret ballot by the Shareholders of the Company. Each Shareholder shall have a number of votes equal to that of the shares held by him. A Shareholder shall have the right to use the entirety of his votes in support of one nominee or divide his shares among other nominees of his choice through the voting card. The total number of votes cast by a Shareholder in support of nominees standing for election to the Company's board of directors may not exceed the number of shares owned by such Shareholder.

e) No person shall be permitted to be a chairman of the board if he is already a chairman of the two joint stock companies, the head offices of which are within the Sultanate of Oman.

#### 12.2.6 Authority of the Board

The Board of Directors shall have full authority to perform all acts required for the management of the Company pursuant to its objects. Such authority shall not be limited or restricted except as provided by law or by the Articles of Association of the Company, or the resolution of the General Meeting.

The Board of Directors shall not perform the following acts except if authorized to do so by the resolution of the General Meeting:

- (a) Make gifts, except business gifts in small and customary amounts.
- (b) Sell all or a substantial part of the Company's assets.
- (c) Mortgage or pledge the assets of the Company, except to secure debts of the Company incurred in the ordinary course of the Company's business.
- (d) Guarantee debts of third parties, except guarantees made in the ordinary course of business pursuant to the Company's objects.

### 12.3 BRIEF PROFILE OF SENIOR MANAGEMENT

A brief profile of senior management is provided below:

### **Mr. Mohammed Redha A. Jawad, Chief Executive Officer**

Mr. Mohammed Redha A. Jawad is the Chief Executive Officer of the Company. He holds a Masters degree in Business Administration (Marketing) from the Hailifax University, USA. Mr. Mohammed Redha has more than 33 years of experience in the banking sector in senior level positions covering areas like Corporate Banking, Retail Management, Business Development, Risk Management etc.

### **Mr. V. V. Suresh Kumar, General Manager – Marketing & Business Development**

Mr. V. V. Suresh Kumar is the General Manager – Marketing & Business Development of the company. He has 25 years of experience and has worked in leading NBFC's and Banks in India and Oman. He has completed his Management studies specializing in Marketing & Finance from Bharathidasan Institute of Management (BIM) - Trichy, India.

In India, he worked in NBFC's such as Shriram Group of Companies, 20th Century Finance Corporation Ltd., GMAC-TCFC Finance Ltd., in various capacities. Prior to joining Taageer Finance Co. SAOG, he was the Head - Corporate Banking (General Coverage) in Ahli Bank SAOG, Oman.

### **Mr. Mohamed Ali Ibrahim Al Maimani, Asst. General Manager – Operations & Control**

Mohamed Ali Ibrahim Al Maimani, has more than 23 years of experience in banking sector in different senior position such as Branch network, Human Resources, Loan Management etc. He holds a level 7 Diploma in Strategic and leadership Management along with a banking Diploma from the Arab Academy for Financial Studies, Jordan. He is also recognized as certified Chartered Manager from Chartered Management Institute, UK.

### **Mr. N.V.H. Sastry, Financial Controller**

Mr. N.V.H. Sastry is the Financial Controller of the company and is a Member of the Institute of Chartered Accountants of India and B.Sc. (Hons.) in Science from Osmania University, Hyderabad, India. Has more than 25 years of post-qualification experience of which 15 years has been in the leasing industry and the rest in the fields of IT, Investments, Real Estate and Manufacturing sectors. Has varied experience in Managerial Capacity spanning areas like Finance, IT, Strategic planning and Marketing & Business Development.

### **Mr. Mohammed Bader Al Busaidy, Human Resources and Administration Manager**

Mr. Mohammed Bader Al Busaidy is the Human Resources and Administration Manager of the Company. Mr. Busaidy has over 10 years' experience in the MOCI as Human Resources and Administration Manager. He has received specialized training in Human Resources Management for Banking and Financial Sciences at the Arab Academy. Mr. Busaidy has been associated with the Company since January 2002.

## **12.4 BOARD SUB-COMMITTEES:**

### **12.4.1 Audit & Risk Committee**

The main role of the Audit & Risk Committee is to:

- Assist the Board in assuring the integrity and credibility of the financial reporting process;

- Review the company's internal financial controls and the company's internal control and risk management systems;
- Monitor and review the effectiveness of the company's internal audit function;
- Selecting and evaluating the External Auditors.
- Devising a risk management plan, obtaining approval by the board and following up its implementation. The plan shall, at minimum, include the following:
  - Key risks which the company is exposed to and their probability (risk appetite).
  - Mechanisms for identification, measurement and monitoring of these risks.
  - Mechanisms for periodic examination, detection and reporting of risks (especially new risks).
  - Means to mitigate risks, if avoidance is not possible.
- The committee may seek the assistance of any other entity on a consultancy basis to assist the committee in performing its duties.
- The committee shall submit its recommendations to the board at the time determined by the board.

The Audit & Risk Committee includes the following:

|                                    |          |
|------------------------------------|----------|
| Mr. Saleh Nasser Al Riyami         | Chairman |
| Sheikh. Khalid Mohamed Al Hamoodah | Member   |
| Mr. Ali Shahbandian                | Member   |

#### 12.4.2 Executive, Nomination and Remuneration Committee – ENRC:

The ENRC comprises of four Board members. The main role of the ENRC is to;

- a) Review, recommend and approve / reject credit proposals within specified financial limits;
- b) Review and recommend the annual budget to the BOD for its approval;
- c) Review company's monthly management accounts, its performance vs budget, financial management and operations of the company and recommend to the BOD appropriate action on the issues arising there from;
- d) Recommend appointment / replacement of senior management of the company (other than CEO, COO and Head of Internal Audit), review compensation related matters recommended by the management and accord approval (within the overall budget sanctioned by the Board).
- e) Identify and nominate suitably qualified persons to serve as directors of the Company while adhering to the requirements of the Ministry of Commerce and Industry's Ministerial Decision 137/2002 concerning eligibility criteria to be fulfilled by nominees for directorships.
- f) Find competent persons to join the Board on temporary basis when a vacancy on the Board arises.
- g) Search for and nominate competent persons for executive posts as per the request of the Board.
- h) Prepare recommendations concerning remuneration and sitting fees payable to members of the Board and its sub-committees subject in all cases to the provisions of the Capital Market Authority's Administrative Decision 11/2005 establishing Rules for Remuneration and Sitting Fees for Directors and Sub-Committees of Public Joint Stock Companies.

- i) Prepare clear, credible and accessible policies to inform the Company's shareholders of the remuneration paid to members of the Board and in relation to executive remuneration.
- j) Prepare remuneration, allowance, performance based remuneration criteria and bonus policies for the executive management and periodically review the same taking into consideration market conditions and the Company's performance.
- k) Seek assistance of or consult any other party to enable it to perform its functions if required after obtaining the Board's approval on such assistance or consultation, provided that there is no conflict of interest with the person who shall assist or advise the Committee.

The ENRC includes the following:

|                           |          |
|---------------------------|----------|
| Mr. Anwar Hilal Al Jabri  | Chairman |
| Mr. Fahad Al Haqbani      | Member   |
| Mr. Hussain Mohamed Redha | Member   |
| Mr. Said bin Ahmed Safrar | Member   |

## 12.5 COMMUNICATION WITH SHAREHOLDERS, REGULATORS AND WIDER MARKET:

The Company publishes quarterly accounts in two national newspapers and also submits the same to the Muscat Securities Market. Annual report is mailed to all the Shareholders. And other relevant information at Muscat Securities Market (MSM) website ([www.msm.gov.om](http://www.msm.gov.om)).

## 13. SUBSCRIPTION CONDITIONS & PROCEDURES

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### 13.1 ELIGIBILITY FOR THE SUBSCRIPTION OF BONDS OFFERED

The subscription to the Bonds is being offered only to select investors on private placement basis.

### 13.2 SHAREHOLDER'S (INVESTOR'S) NUMBER WITH MUSCAT CLEARING AND DEPOSITORY COMPANY SAOC (MCDC)

1. Any person who desires to subscribe to the Issue must have an investor account with MCDC as per its working form, which may be obtained from the MCDC Head Office or its website or from brokerage companies. Each Subscriber may open this account through the following outlets:
  - Head Office of MCDC based in Commercial Business District, Muscat
  - Download from MCDC website at [www.mcd.gov.om](http://www.mcd.gov.om)
  - Branch of MSM based in Salalah
  - Brokerage Companies licensed by CMA
2. With regards to the investors who presently hold account with MCDC, they should ensure that their account includes all their particulars such as full name, postal address, civil ID or passport number, particulars of the bank account. Investors may update their particulars through the above-mentioned outlets.
3. All correspondence including notices and cheques shall be sent to the subscriber at the address recorded at MCDC. Therefore, all Subscribers shall verify the correctness of such addresses.
4. Each Subscriber shall be required, after opening of the MCDC account or updating of his particulars, to secure from MCDC, the correct shareholder number to be written in the application for the subscription. The investor himself shall be responsible for verification of the shareholder number furnished in the Application Form. Application Forms not bearing the correct shareholder number shall be rejected without contacting the Subscriber.

For more information on these Procedures, please contact:  
Muscat Clearing and Depository Company SAOC  
PO Box 952, PC 112, Oman  
Tel. 24822222 - Fax. 24817491  
<http://www.mcd.gov.om/>

### 13.3 SUBSCRIPTION PERIOD

Subscription for the Issue shall start on the 15 May 2018 and shall close on the 20 May 2018 (both days inclusive).

### 13.4 UNDERSUBSCRIPTION OF BONDS

In case, the Bonds are not subscribed to the full extent of RO 7,500,000, the Board of Directors shall reduce the Offer Size by the value of Bonds that remain unsubscribed.

### 13.5 MINIMUM AND MAXIMUM APPLICATION SIZE

- The minimum number of Bonds for subscription will be 100,000 and the maximum is 7,500,000.
- Nominal Value R.O. 1.000 per Bond
- Offer Price R.O. 1.000 per Bond, comprising nominal value of R.O. 1.000 only payable in full on subscription.

### 13.6 PARTICULARS OF THE BANK ACCOUNT

- 1) Each Subscriber shall be required to furnish the particulars of his Bank Account (Registered in the name of the Subscriber). The Subscriber shall not use the bank account number of any other person.
- 2) If the bank account of the Subscriber is registered with a bank other than the one receiving the subscription, he shall be required to submit a document in evidence of correctness of the bank account particulars as provided for in the Application Form. This can be done by submitting any document from the Subscriber's bank furnishing therein the bank account number and the name of the account holder like the account statement issued by the Bank containing these particulars or a letter or other document issued by the said bank containing the said information. The Subscriber shall ensure that the evidence submitted is readable in a clear manner and contains the bank account number and full name of the account holder. As additional clarification, it is made known that the Subscriber is not obliged to submit the evidence with regard to correctness of his bank account if he is subscribing through the bank where he is maintaining his account. In this case, the Collecting Bank shall be required to verify and confirm the correctness of the Subscriber's account through its specific system and procedure or through the evidence submitted to it by the Subscriber.
- 3) In accordance with the instructions issued by the CMA, the particulars of the Subscriber's bank account referred to above shall be recorded in the registers of MCDC and this account shall be used in the transfer of the excess funds of the subscription and distribution of the interest payable to the Bondholder. Whereas, with regard to the Subscribers who have their bank accounts registered presently with the Registers of MCDC, the bank account number provided for in the Application Form would be utilized only for the purpose of transfer of the excess sums.
- 4) The Application Form containing the bank account number of a person other than the Subscriber shall be rejected.

### 13.7 DOCUMENTATION REQUIRED

- 1) Copy of valid Civil ID Card/ Valid Resident Card or Valid Passport.
- 2) Submission of a document confirming correctness of the bank account number as provided for in the Application Form in case subscription is made through a Bank other than the one with which the Subscriber has his account.
- 3) Copy of a valid power of attorney duly endorsed by the competent legal authorities in the event the subscription is on behalf of another person.
- 4) In case of applications by non-individuals, which are signed by a person in his/her capacity as an authorized signatory, a copy of adequate and valid documentation should be attached.

### 13.8 MODE OF SUBSCRIPTION

- 1) The Subscriber shall be required to fill in the Application Form and furnish all his particulars including the shareholder number available with MCDC, Civil Number/Passport Number.
- 2) The Subscriber shall be responsible for furnishing all his particulars, ensuring correctness and validity of the information provided for in the application. It may be noted that the Collecting Bank receiving subscription has been instructed to accept the applications for subscription that comply with all the requirements as provided for in the Application Form and Prospectus.
- 3) The Subscriber shall be required, before filling the Application Form, to peruse the Prospectus and read the conditions and procedures governing the subscription with total care and importance.
- 4) The Subscriber shall be required to submit the Application Form to the Collecting Bank along with the payment towards the Bonds and also ensure that the documents, in support of the information referred to above, are enclosed.
- 5) In case of payment of the value of the subscription by Cheque/Demand Draft, it shall be in favor of **"Taageer Finance Co. Bonds"**.

### 13.9 BANK RECEIVING THE SUBSCRIPTION

The applications for subscription shall be accepted by the Collecting Bank during the official working hours only.

The Collecting Bank shall be required to accept the application for subscription after confirmation of compliance of the procedure and subject matter in line with the requirements as provided for in the Prospectus and Laws of Oman. Hence, the Collecting Bank must instruct Subscribers to comply and fulfill any requirement that may appear in the Application Form.

The Subscriber shall be responsible for submission of his Application Form to the Collecting Bank before closing of the period for subscription. In this regard, the Bank shall have the right not to accept any application for subscription that reaches it after the official working hours on the closing date of the period for subscription.

### 13.10 ACCEPTANCE OF THE APPLICATIONS FOR SUBSCRIPTION

The Collecting Bank shall neither receive nor accept Application Forms for subscription under the following circumstances:

- 1) If the Application Form does not bear the signature of the Subscriber.
- 2) In case of failure to pay the value of the Bonds subscribed in accordance with the conditions provided for in the Prospectus.
- 3) If the value of the Bonds subscribed is paid by cheque and if the same is dishonored for whatever reason.
- 4) If the Application Form does not bear the shareholder no., available with MCDC.
- 5) If the shareholder no furnished in the Application Form is found to be incorrect.
- 6) If the Subscriber submits more than one Application Form in the same name, all of them shall be rejected.
- 7) If the supporting documents referred to in the Prospectus are not enclosed with the Application Form.
- 8) If the Application Form does not contain all the particulars of the bank account of the Subscriber.
- 9) If all the particulars of the bank account held by the Subscriber as provided for in the Application Form are noted to be incorrect.
- 10) If the particulars of the bank account provided for in the Application Form are found to be not relevant to the Applicant.
- 11) In case of failure to have the powers of attorney attached with the Application Form as provided for in the Prospectus in respect of the person who subscribes and (signs) on behalf of another person.
- 12) If the Applicant has not complied with the legal and organizational requirements as provided for in the Prospectus.

If the Bank observes, after receipt of the Application Form and before expiry of the time schedule prescribed for handing over of the Application Forms to the Financial Advisor and Issue Manager, that the application has not complied with the legal requirements as provided for in the Prospectus, due effort would be taken for contacting the Applicant so as to correct the mistake detected. In case of failure to have the mistake corrected within the period referred to, the Bank receiving the Application Form shall be required to return the Application Form to the Subscriber together with the subscription value before expiry of the period specified for handing over of the Application Forms to the Financial Advisor and Issue Manager.

### 13.11 REFUSAL OF SUBSCRIPTION APPLICATIONS

The Financial Advisor and Issue Manager may reject the Application Forms under any of the conditions referred to above, after securing the approval of the CMA and submission of a comprehensive report furnishing the details of the Application Forms that are required to be rejected and reasons behind such rejection.

### 13.12 ENQUIRY & COMPLAINTS

Subscribers who intend to seek clarification or file complaints with regard to the issues related to the allotment or rejected applications or refund of the funds in excess of the subscription may contact the Branch of the Bank where the subscription was made. In case

of absence of any response from the Branch, the Subscriber may contact the person concerned as hereunder:

| Financial Advisor and Issue Manager | Person in Charge         | Postal Address  | Phone No.     | Fax No.       | Email                 |
|-------------------------------------|--------------------------|---|---------------|---------------|-----------------------|
| Ubhar Capital SAOC                  | Ms. Sahar Kamal Al Zagha | P.O.Box: 1137, CPO, Postal Code 111, Muscat Sultanate of Oman | +968 24949007 | +968 24949099 | s.zagha@u-capital.net |

### 13.13 ALLOTMENT LETTERS AND REFUND OF MONEY

The Company will make efforts to complete the allotment of Bonds as per the timetable below, subject to the approval of all relevant authorities. No physical certificates will be issued for the Bonds allotted.

### 13.14 PROPOSED TIMETABLE

| Procedure  | Date        |
|--|-------------|
| Commencement of subscription   | 15 May 2018 |
| Closing of subscription  | 20 May 2018 |
| Due date for the Financial Advisor and Issue Manager to receive the subscription data and final registers of the Subscribers from the Bank | 21 May 2018 |
| CMA approval for the Allotment and Allotment Date  | 22 May 2018 |
| Refund Date  | 23 May 2018 |
| Listing of the Bonds on the MSM  | 24 May 2018 |

### 13.15 LISTING & TRADING OF THE BONDS OF THE ISSUER

The Bonds will be listed on the bond segment of MSM.

### 13.16 RESPONSIBILITIES & OBLIGATIONS

The Financial Advisor and Issue Manager, the Collecting Bank and the MCDC shall abide by the responsibilities and duties specified under the Regulations issued by the CMA and shall comply with any other responsibilities and obligations set out in the agreements entered into between them and the Issuer. The parties concerned shall be required to take remedial measures with regard to the damages arising from any negligence committed in the performance of the functions and responsibilities assigned to them. In such event the Financial Advisor and Issue Manager shall liaise with relevant authorities such as CMA and MSM for taking suitable steps and measures for repairing such damages.

## 14. UNDERTAKINGS

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### 14.1 ISSUING COMPANY: TAAGEER FINANCE CO. SAOG

The Board of Directors of the Company jointly and severally confirm that, to the best of their knowledge:

The information provided in this Prospectus is complete, correct and sound and reasonable care has been taken so as to avoid omission of any important facts or information that would have made the expressions in the Prospectus misleading.

To abide by all the provisions set out in the Capital Market Law, CCL and the rules and regulations issued pursuant to them.

Signed on behalf of the Board of Directors:

| <b>Name</b>   | <b>Signature</b> |
|---------------|------------------|
| Director name | Sd/-             |
| Director name | Sd/-             |

## 14.2 FINANCIAL ADVISOR AND ISSUE MANAGER: UBHAR CAPITAL SAOC

In accordance with the responsibilities assigned to us pursuant to the provisions laid down in Article 7 of the Executive Regulations of the Capital Market Law issued under Administrative Decision No. 1/2009 and instructions issued by the CMA, we have reviewed all the relevant documents and other material required for the preparation of the Prospectus pertaining to the issue of Bond by Taageer Finance Co. SAOG.

The Board of Directors of **Taageer Finance Co. SAOG** shall bear the responsibility with regard to correctness of the information provided for in the Prospectus, and they have confirmed not to have omission any material information from it, omission of which would have made the Prospectus misleading.

We confirm that we have taken due care as required by the profession with regard to the Prospectus that has been prepared under our supervision. On the basis of the review works referred to above and discussion with the issuer of the securities represented by the Issuer, its Board officers and other officials and on the basis of the review carried out by us with these authorities concerned with regard to the subject matter of the Issue and contents of the documents submitted to us, we confirm the following:

- 1) We have taken necessary and reasonable care in ensuring that the information furnished to us by **Taageer Finance Co. SAOG** and that contained in the Prospectus are consistent with the facts available in the documents, material and other documents pertaining to the Issue.
- 2) On the basis of our perusal and information made available to us by the Issuer, it is hereby confirmed that the Issuer has neither concealed any fundamental information nor omitted any important information omission of which would have made the Prospectus misleading.
- 3) The Prospectus and the private placement to which it relates are consistent with all the rules and conditions governing the transparency as provided for in the CMA Law as amended, the Executive Regulations and applicable Specimen Prospectus available with the CMA. Also noted to be in conformity with the CCL as amended and the directives and decisions issued in this regard.
- 4) The data and information which have been presented in the Prospectus in Arabic (with its unofficial translation in English) are correct, reasonable and adequate as per our perusal so as to assist an investor in taking an appropriate decision whether or not to invest in the Bonds offered in accordance with the rules and conditions governing the Issue.

**Financial Advisor and Issue Manager**

Sd/

**Ubhar Capital SAOC**

### 14.3 LEGAL ADVISOR: CURTIS, MALLET-PREVOST, COLT & MOSLE LLP

The Legal Advisor, whose name appears below, confirms that all the procedures undertaken with regard to the Bond Issue are in line with the laws and relevant to the activity of the Company, the CCL, the Capital Market Law and the regulations and directives issued pursuant to them, the requirement and rules for the issue of shares issued by the CMA and the Articles of Association. The Company has secured all the consents and official approvals that are required to carry out the Bond Issue.

#### Legal Advisor

Sd/

Curtis, Mallet-Prevost, Colt & Mosle LLP