PRIVATE PLACEMENT PROSPECTUS

Oman Aircraft Leasing Fund 1

(Under Formation)

A Closed Ended Investment Fund

Private Placement of 6,460 Units at a Price of Omani Rial 10,150 per Unit

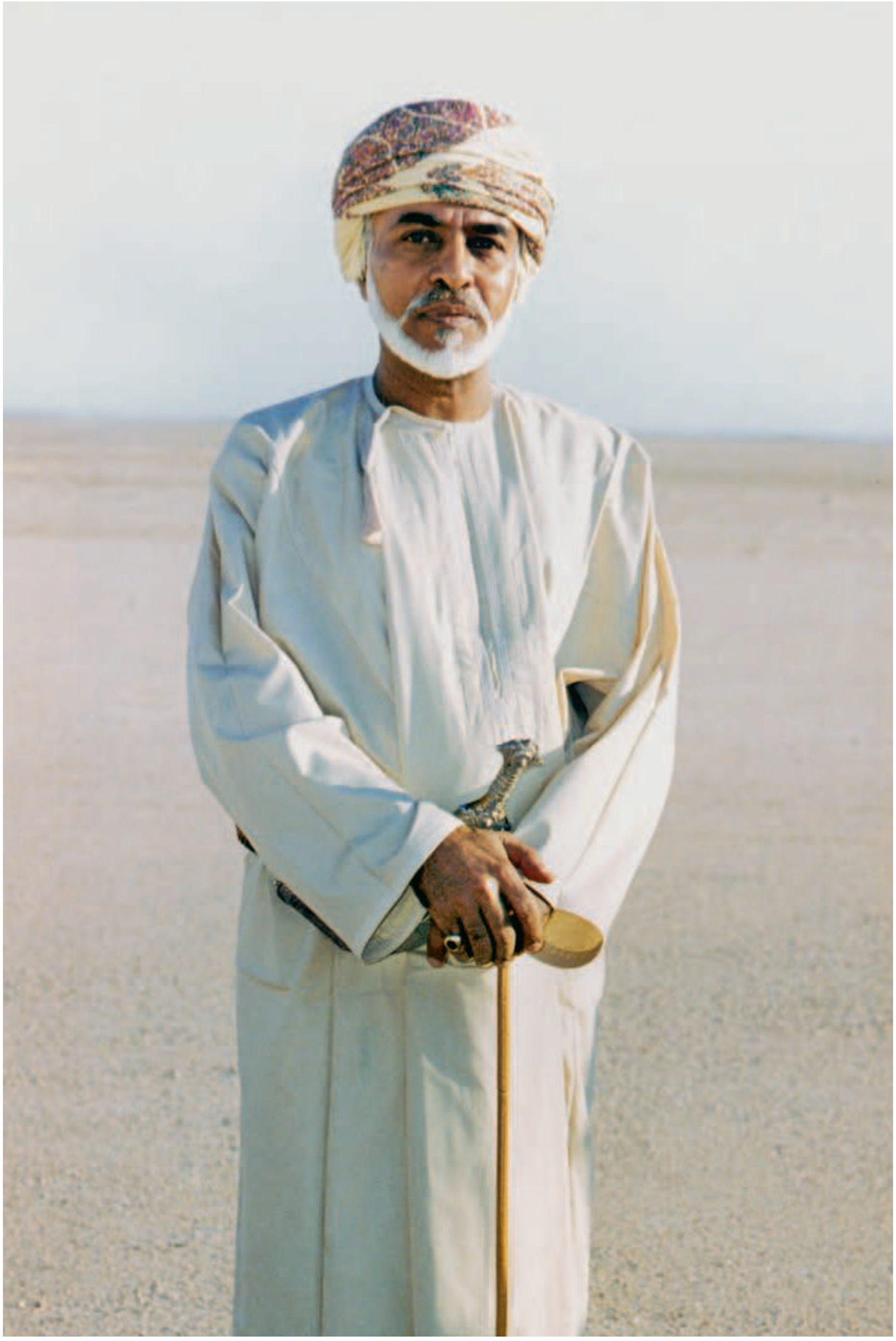
(With the Nominal Value of each Unit being Omani Rial 10,000 per Unit and Offer Expense being Omani Rial 150 per Unit)

Subscription Opens: 10th January 2016
Subscription Closes: 8th February 2016

SCALING NEW HEIGHTS

Sponsor	Investment Manager	Issue Manager & Collecting Bank	Legal Advisor
شركة عُمان بروناي للاستثمار Oman Brunei Investment Company	OBAMC OMAN BRUNEI ASSET MANAGEMENT S.A.O.C عُمان وبروناي لإدارة الأصول ش.م.ع.م	بنك عُمان العربي OMAN ARAB BANK	CURTIS

Oman Aircraft Leasing Fund 1



His Majesty Sultan Qaboos Bin Said

Oman Aircraft Leasing Fund 1

(Under Formation)

PO Box 37, Postal Code 103, Muscat, Sultanate of Oman

A Closed End Fund

PRIVATE PLACEMENT PROSPECTUS

Offering of 6,460 Units at a Price of Omani Rial 10,150 per Unit

(With the Nominal Value of each Unit being Omani Rial 10,000 per Unit and Offer Expense being Omani Rial 150 per Unit)

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Sponsor	Investment Manager	Issue Manager & Collecting Bank	Administrator & Custodian	Legal Advisor
شركة عُمان بروناي للاستثمار Oman Brunei Investment Company	OBAMC OMAN BRUNEI ASSET MANAGEMENT S.A.O.C عمان وبروناي لإدارة الأصول ش.م.ع.م	بنك عمان العربي OMAN ARAB BANK INVESTMENT MANAGEMENT GROUP PO Box 2010, Ruwi, Postal Code 112, Sultanate of Oman Tel: +968 24754301 Fax: +968 24125125	البنك الوطني العماني NBO	CURTIS CURTIS, MALLET-PREVOST, COLT & MOSLE, LLP P.O. Box 1803, PC 114, Muscat, Sultanate of Oman Tel: +968 24564495 Fax: +968 24564497

This Prospectus has been prepared in accordance with the requirements prescribed by the Capital Market Authority (CMA). This is the unofficial English translation of the original Prospectus prepared in Arabic and approved by the Capital Market Authority vide Administrative Decision no. Kh/52/2015 dated 23/12/2015. The CMA assumes no responsibility for the accuracy and adequacy of the statements and information contained in this Prospectus nor shall it have any liability for any damages or loss howsoever arising from reliance upon the whole or any part of the contents of this Prospectus by any person. The Sponsor or the Issue Manager cannot be held responsible for any information interpreted differently from the approved Arabic Prospectus.

IMPORTANT NOTICE

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 Fund to subscribe to any of the Units 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 Sponsor of the Fund 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 Units 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 Units 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 'Fund' 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 Sponsor is 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 Units 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 Sponsor, by its Directors, the Issue Manager or the Legal Advisor to buy the Units. Every investor shall bear the responsibility of obtaining independent professional advice on the investment in the Units 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 Sponsor or the Units 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 Sponsor, the Issue Manager or the Legal Advisor.

FORWARD LOOKING STATEMENT

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 materially differ from the way implicitly portrayed within this Prospectus. The use of any of the words “aim”, “anticipate”, “continue”, “estimate”, “objective”, “plan”, “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 Fund 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 Fund’s estimates as of any subsequent date.

The Fund 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:

- Actual performance of the aviation sector and the airline companies;
- Regulatory, legal and fiscal developments;
- Fluctuations in foreign exchange rates, equity prices or other rates or costs or prices;
- The inability to estimate future performance;
- The performance of the Omani economy; and
- Other factors described under the chapter “Risk Factors and Mitigants” in this Prospectus.

The Fund cannot provide any assurance that forward-looking statements will materialize. The Fund, the Issue Manager and the Legal Advisor 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 securities laws. For a description of material factors that could cause the Fund’s actual results to differ materially from the forward-looking statements in this Prospectus, see the chapter 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.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Data: This Prospectus includes certain projections. The projections are based on the expectations of external conditions and events relating to the Fund, the business environment in Oman and the sector in which the Fund will operate. These projections are forward-looking statements that involve inherent risks and uncertainties. Prospective Applicants are cautioned that a number of important factors could cause actual results or outcomes relating to the Fund to differ materially from those expected in these projections.

In addition, the Issue Manager has not independently verified any of the projections and financial/ other data prepared by the firm engaged to prepare the feasibility study and business plan. Please see the chapter “Risk Factors and Mitigants”.

The Fund’s Financial Year commences on January 1 and ends on December 31 of each year except for the year in which the Fund is incorporated, when it will commence from the date of incorporation until 31st December, 2016.

In this Prospectus, any discrepancy between the total and the sum of the relevant amounts listed is due to rounding.

Currency of Presentation: All references to “Rials” or “RO” are to Omani Rials, the official currency of Oman. The Omani Rial is pegged to the U.S. 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. Neither the Directors of the Sponsor nor the Issue Manager nor the Legal Advisor have 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. In addition, the Issue Manager or the Legal Advisor have not independently verified any of the industry data or other sources referred to in this document. Therefore, its accuracy and completeness is not guaranteed and its reliability cannot be assured. The extent to which the Industry and Market data used in this Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data.

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 Fund. 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 Units.

Investor due diligence: Prior to making any decision as to whether to subscribe for the Units, 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 Units 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 Fund to subscribe to any of the Units 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 Fund, the 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 Fund, the 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 Units 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 Fund and the 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 Fund, the 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.

Table of Contents

1 – Definitions & Acronyms

ABC	Arab Banking Corporation B.S.C.
Administration Agreement	Means the agreement that will be signed between the Fund and NBO, appointing NBO as the Administrator of the Fund.
Administrator	Means National Bank of Oman (NBO), a bank providing fund administration services in Oman, being appointed by the Fund to undertake corporate administrative services for and on behalf of the Fund.
Aircraft/ Assets	Means the aircraft to be acquired by the Fund (through the SPCs) as per the terms set out in the purchase agreement executed or to be executed by the SPC and the Aircraft Supplier.
Aircraft Lease Management Fee	Means the aircraft lease management fee (as % of the gross lease rental income) payable monthly in advance by the SPC to the Aircraft Lease Manager, in accordance with the Aircraft Lease Management and Re-marketing Agreement.
Aircraft Lease Manager	Means the aircraft lease manager being OBAM or any other entity as may be decided by the Fund, to undertake this role.
Aircraft Company/ Supplier	Means Airbus or Boeing, or any other entity from which the SPC is purchasing the Aircraft/ Asset.
Airline	Means the airline company which is taking the Aircraft on lease from the SPC as per the terms of the Aircraft Lease Agreement.
Annual Return	Means the actual Dividend rate (total cash dividend as % of the paid-up Fund capital) that the Fund declares and pays in every Financial Year.
Articles of Association	The Articles of Association of the Fund that shall prescribe the functions and powers of the Unit-holders and the Fund Management and lay out rules for the operation of the Fund and as may be amended from time to time. The provisions of the Capital Market Law, its Executive Regulation and any other related law shall apply in the case of the absence of another related provision in the Articles of Association.
Ascend	Ascend Flightglobal Consultancy, London, England
AVITAS	AVITAS, Inc, London, England
Base Value	Means the Aircraft Base Value which is an appraiser's opinion of the underlying economic value of an aircraft in an open, unrestricted, stable market environment with a reasonable balance of supply and demand.

Book Value	Book value as at a specified date, means the net asset value calculated from the audited balance sheet as at the specified date as total assets minus total liabilities.
Business Day	Means any day other than (1) a Friday (2) a Saturday or (3) a day on which banks in Oman, are authorized or obligated to close.
Business Week	From Sunday to Thursday as per existing CBO rules for banking days during a calendar week.
CAGR	Means compound annual growth rate.
Capital Market Authority Law or "CML"	Regulations relating to all capital market activities in Oman as established by the Royal Decree 80/98 (as amended).
CBO	Means the Central Bank of Oman.
Closing Date	Means such date as decided by the Fund and approved by the CMA as the closing date for applications for subscription of the Units.
CMA	Means the Capital Market Authority of Oman
Collecting Bank	Means the bank appointed for receiving the initial subscriptions for the Fund.
Currency of the Fund	Omani Rial, the currency of the Sultanate of Oman
Custodian	Means National Bank of Oman (NBO), the entity responsible for safekeeping of assets of the Fund as per the terms of the Custodian Agreement.
Custodian Agreement	Agreement signed between the Custodian and the Fund.
Date of Declaration	Means the date on which the next dividend payment is to be made as announced by the Fund.
DVB	DVB Bank SE
EBITDA	Means earnings before interest, tax, depreciation and amortization.
EGM	Extra Ordinary General Meeting
EU	European Union
Financial Year	Means the period commencing on 1 January and ending on 31 December in each year of a Gregorian calendar year.
Fund	Means Oman Aircraft Leasing Fund 1 (under formation), an Omani close ended investment fund to be registered with the Capital Market Authority of Oman with its Units listed on the MSM.

Fund Management	Means the body that is constituted or elected by the general meeting in accordance with the Articles of Association of the Fund, including any duly constituted and authorized committee thereof.
GCC or Gulf	Means member countries of the Gulf Cooperation Council for the time being including the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the Sultanate of Oman, the State of Qatar, the State of Kuwait and the United Arab Emirates.
GDP	Means gross domestic product.
Hurdle Rate	Means the return of 7.5% per annum to be received by Unit-holders, prior to the Investment Manager becoming eligible for Performance Fee.
Initial Investors	Means the Sponsor (OBIC), Eagle Properties (No.19) Ltd. (a subsidiary of SGRF) and Blue Door Investments LLC
Internal Rate of Return or "IRR" or "Return"	Means the annualized discount rate that when applied to the investments made by /distributions made to the Unit-holders, produces a net present value of zero having adopted the convention of designating outflows as negative and inflows as positive.
Investment Management Agreement	Means the agreement that will be signed between the Fund and OBAM, appointing OBAM as the Investment Manager of the Fund.
Investment Manager	Means the investment manager being OBAM, appointed by the Fund pursuant to the Investment Management Agreement, to undertake the role set out therein.
Investment Management Fee	Means the management fee payable by the Fund to the Investment Manager, in accordance with the Investment Management Agreement.
Investors / Unit-holders/ Subscriber	Means such selected persons or institutions, whose offer to subscribe for Units of the Fund under the terms set out in the Subscription Form, has been accepted by the Fund.
IOM	Isle of Man
ITL	Income Tax Law 28/2009 of the Sultanate of Oman
Lease Agreement(s) or Aircraft Lease Agreement(s)	Means, the aircraft lease agreement entered between the SPC and the Lessee by virtue of which the SPC, as owner of the aircraft, leases the aircraft to the Lessee in accordance with the terms of the lease agreement.
Lender(s)	The banks or financial institutions that provide the loan/ debt funding to the SPC(s) for part funding the acquisition of Aircraft.
Lessee	Means the Airline or any entity nominated by it, which is taking the Aircraft on lease as per the terms of the Lease Agreement.
MSM	Muscat Securities Market

NAV	The Net Asset Value of the Fund
NBO	National Bank of Oman SAOG
NRV	The Net Realizable Value of the Fund
OAB-IMG	Oman Arab Bank SAOC- Investment Management Group
Offer Expense amount	Means a fee of 1.50% of the Subscription Amount payable by the investors (other than the Initial Investors) at the time of subscription towards offer expense incurred/ to be incurred by the Fund.
Omani Rial or OMR or RO	Omani Rial, the lawful currency of Oman.
Oman Brunei Investment Company SAOC or "OBIC" or "the Sponsor"	Means **Oman Brunei Investment Company SAOC**, a closed company registered in the Sultanate of Oman whose principal office address is as set out in this Prospectus and which is owned by the governments of the Sultanate of Brunei (Brunei Investment Agency 50%) and the Sultanate of Oman (State General Reserve Fund **"SGRF"** 50%).
Oman Brunei Asset Management SAOC or "OBAM"	A closed company registered in Oman, substantially owned by OBIC and SGRF, whose principal office address is as set out in this Prospectus.
Performance Fee	Means the performance entitlement (if any) to be paid by the Fund to the Investment Manager after the Hurdle Rate is achieved.
Placement or Offering or Offer	Means the offer to subscribe to Units in the Fund under the terms set out in this Prospectus and the Subscription Form.
Profits	Means any distributable profits held by the Fund in any Financial Year subject to adjustments for any applicable expenses.
Prospectus	This document for offer of Units.
Re-marketing Agent	Means OBAM, who is appointed by the Fund to carry out re-marketing of the Aircraft on expiry of the lease to the Airline. The role is described in greater detail in Chapter 9 "Investment / Exit Process and Investment Controls".
SGRF	State General Reserve Fund of the Sultanate of Oman
SPC	Special Purpose Company, incorporated in a tax efficient jurisdiction, which will acquire the Aircraft and lease it to the Airline.
Sponsor	Means OBIC
Subscription Form	Means the valid subscription form signed by a prospective Investor for subscribing to Units of the Fund, and as accepted by the Fund (at its sole discretion).

Subscription Amount	Means the amount to be paid by the Investor along with the Subscription Form for the Units being subscribed to in the Fund pursuant to this Prospectus, the Articles and the Subscription Form.
Subscription Period	Means the period commencing from opening of Subscription to the Fund and ending on the date of close of subscription, as stated in this Prospectus or such other amended dates.
Target Subscription (Capital)	Means the targeted size of the placement to Investors (including Initial Investors) being 8,000 Units representing a total Subscription of RO 80 million, excluding the Offer Expense amount. The Sponsor may at its sole discretion, determine to reduce the size of the Target Subscription for any reason (subject to a minimum size of RO 40 million) if such action will be in the best benefit of the Fund and its Unit-holders.
TI	Temporary Importation
Unit-holder	Means the holder of Units in the Fund.
Unit	Unit means each Unit in the Fund, having a nominal value of RO 10,000/- (Omani Rial Ten Thousand) each.
UK	United Kingdom
US$ or US Dollar or United States Dollar	Means the lawful currency of the United States of America.
Valuation Day	The day on which the Administrator calculates the NAV of the Fund
VAT	Value Added Tax
£	Manx pound, the currency of Isle of Man

2 – Fund Features

The following summary is an introduction to, and is, qualified in its entirety by reference to, the detailed information included elsewhere in this Private Placement Prospectus and should be read in conjunction with the full text of this Private Placement Prospectus.

Fund Name	Oman Aircraft Leasing Fund 1 (under formation)
Objective	The Fund's investment objective is to achieve a steady dividend income for investors. The Fund's investments are aimed to generate a projected level of income which, after meeting debt servicing and other expenses, will enable the Fund to distribute the surplus on a periodic basis to Unit-holders thereby yielding the Return to Investors. The structure of the Fund allows for return of the invested capital to the Unit-holders from the proceeds of disposition of the Aircraft. The main objectives of the Fund are: (i) To invest the amounts raised from the Unit-holders to purchase and/ or finance Aircraft through Special Purpose Companies and thereafter lease the Aircraft under operating or finance lease arrangement to Airline(s) for their use. (ii) To establish Special Purpose Companies as a vehicle to hold or finance the Aircraft assets under conventional or Sharia compliant Islamic lease and/or accredited finance structures. (iii) To generate a steady dividend flow to its Unit-holders over the tenure of the Fund with return of the invested capital towards the end of the Fund's duration. As required by CMA regulations, the Fund shall invest at least 75% of its capital to attain its main objectives.
Fund Structure	Close ended fund as per the Executive Regulations of the Capital Market Law.
Life of Fund	12 years from the date of the Fund's registration with the CMA, unless the Fund is earlier dissolved according to its Articles of Association. The life of the Fund may be extended by the Fund Management (with Unit-holders' approval) by 1 year each time, for a maximum of 3 times.
Financial Year	The financial year of the Fund is from 1st January to 31st December of each year, except for the first financial year which shall be from the Closing Date until 31st December 2016.
Sponsor	Oman Brunei Investment Company SAOC (OBIC) P.O. Box 37, P.C.103, Beach One, Way 2601, Office 403, Shatti Al Qurum, Muscat Sultanate of Oman Tel: +968 24402900
Target Fund Size	RO 80 million, net of Offer Expense, subject to a minimum size of RO 40 million.

Nominal value of Units	Each Unit will have a nominal value of RO 10,000/- . The Unit shall not be divisible and cannot be jointly owned.
Sponsor's Subscription	The Sponsor (OBIC) will subscribe to the Units with an aggregate amount of RO 7.7 million being 770 Units (as explained in Chapter 3). OBIC shall not sell its units except after 3 years from the date of closure of Subscription.
Initial Investors' Subscription	The Initial Investors will subscribe to the Units with an aggregate amount of RO 15.4 million being 1,540 Units (as explained in Chapter 3).
Offer Price	RO 10,150 per Unit, comprising RO 10,000 Nominal Value per Unit and Offer Expenses of RO 150 per Unit.
Investor's Minimum Subscription	RO 1,000,000 (excluding Offer Expense) i.e. 100 Units
Subscription	Investors may subscribe to Units of the Fund by completing a valid Subscription Form and submitting it to the Collecting Bank along with the specified payment during the Subscription Period.
Subscription Period	From 10th January 2016 to 8th February 2016 (both days inclusive, within normal banking hours). The Issue Manager may extend the Closing Date for Subscription by up to a maximum of 30 days subject to prior approval by the CMA.
Listing and Transfer of Units	The Units of the Fund will be listed on the MSM (third market) and may be traded on the MSM.
Oversubscription	If the Fund receives Subscriptions that in the aggregate exceed the Target Fund Size, then the Sponsor shall, at its sole discretion, accept Subscriptions, either fully or partially, to the extent that the final Subscription reaches the Target Fund Size and the remaining Subscriptions shall be refunded to the Investors. Sponsor's decision in this regard shall be final and the Sponsor will not provide any reason or basis for its decision.
Under-subscription	If the Fund fails to reach the minimum Target Subscription size, the Subscription Forms received shall be cancelled and the entire subscription amount will be returned to the Investors.
Subscription Amount	The number of Units being subscribed to multiplied by the Offer Price per Unit. The Subscription Amount shall be paid to the Collecting Bank along with the valid Subscription Form.
Allotment of Units	After the end of the Subscription Period and receipt of CMA approval for the subscription result, the Fund will allot the Units to each Investor.

Offer Expenses	The amount of RO 150/- per Unit collected towards Offer expense shall be used to meet the expenses incurred for the Offer. In case the actual Offer expense exceeds this amount, the additional amount shall be borne by the Fund. If the actual Offer expense is less than such amount collected, the excess shall be retained by the Fund and credited to its reserves. The Initial Investors will not pay the Offer Expenses.
Forms of Investment by the Fund	Equity including advance towards equity, quasi equity and convertibles, Loans and Advances, Bank Deposits and market securities.
Borrowings	The Fund will not borrow for the purpose of making an investment (such as purchase of aircraft). However, a SPC where the Fund invests may resort to leverage for its investments and operations. The Fund may guarantee or indemnify such borrowings as may be required. Any guarantee or indemnity is of a limited nature and not simply full-recourse. Further, in no case will the Unit-holder(s) be required to provide any indemnity or guarantee for such borrowings to the Lenders.
Reduction of Capital	Being a close ended Fund, redemption of Units shall only be upon dissolution and liquidation of the Fund, in accordance with the Articles of Association. In case the Fund has surplus (unutilized) cash available, the Fund may reduce its Capital and distribute such reduction value across all Unit-holders on a pro-rata basis, subject to resolution by the Unit-holders in General Meeting.
Placement Agent	OBAM will be the Placement Agent for the Private Placement and will market the Offering to select Investors, identify suitable Investors and obtain subscriptions to the Fund. The fee payable to the Placement Agent is 1% of the total Subscription raised by the Placement Agent (from other than the Initial Investors) and accepted by the Fund.
Investment Manager	Oman Brunei Asset Management SAOC (OBAM) P.O. Box 37, P.C.103, Beach One, Way 2601, Office 403, Shatti Al Qurum, Muscat Sultanate of Oman Tel: 24402900
Custodian	National Bank of Oman SAOG, a bank duly licensed by the CMA to provide fund custodial services
Auditor to the Fund	PricewaterhouseCoopers LLC Hatat House, Suites 204-210 Wadi Adai, PO Box 3075, PC 112, Ruwi, Muscat, Oman Telephone + 968 24 559 110 Facsimile + 968 24 564 408 Website: www.pwc.com/middle-east

Reporting Accountant	PricewaterhouseCoopers LLC Hatat House, Suites 204-210 Wadi Adai, PO Box 3075, PC 112, Ruwi, Muscat, Oman Telephone + 968 24 559 110 Facsimile + 968 24 564 408 Website: www.pwc.com/middle-east
Investment Management Fee	The Fund shall pay to the Investment Manager, an annual Management Fee of 2% of gross annual lease income of the Fund (on a consolidated basis), payable on monthly basis.
Hurdle Rate	7.5% p.a.
Annual Return	The rate of Dividend (total cash dividend) as a percentage of the Fund's paid-up Capital that the Fund declares and pays to its Investors every Financial Year.
Performance Fee	If the Investment Manager is able to generate an Annual Return to the Unit-holder that is higher than the Hurdle Rate, the Investment Manager will be entitled to receive a Performance Fee, payable at the end of each year, calculated at 10% of such excess return, applied on the paid up capital of the Fund. For example, if the Fund is able to declare and pay a total cash dividend of 8% of its capital in a financial year and the paid-up capital is RO 80 million, the Annual Return for the year will be 8%. As the Hurdle Rate is 7.5% p.a., the Investment Manager qualifies for Performance Fee for that financial year. The amount of performance fee is calculated below:

Paid up capital of the Fund at the end of the previous Financial Year	RO 80 million
Total Cash Dividend declared and paid in the Financial Year	RO 6.4 million
Hurdle Rate	7.5%
Annual Return	8.0%
Excess return	0.5%
Performance Fee at 10% of excess return	0.05%
Performance Fee amount	0.05% of RO 80 million = RO 40,000/-

	The aggregate Performance Fee paid to the Investment Manager based on the Annual Returns shall be subject to final adjustment as per the Clawback provision stated below. **Clawback:** Upon termination of the Investment Management Agreement or the life of the Fund (whichever is earlier), the Overall Return to Unit-holders will be calculated. Overall Return is defined as the IRR to Unit-holders calculated on their investments into the Fund and the cash dividends / capital reductions/ any other payouts received by Unit-holders from the Fund and taking into account the actual dates of payments. In case of termination of the Investment Management Agreement prior to the life of the Fund, the Overall Return will be calculated on the disposal value of the aircraft as determined by independent valuations. The performance fee is calculated on this Overall Return and the Hurdle Rate. If the performance fee so calculated is less than the cumulative performance fee amounts already received by the Investment Manager, the Investment Manager shall promptly pay back the difference to the Fund. If the performance fee on the Overall Return is more than the cumulative performance fee already paid by the Fund, the Fund will pay the balance amount to the Investment Manager.
Distribution of Fund Income and Capital Reduction	At the end of each quarter of a Financial Year and based on the quarterly financial results of the Fund, the Investment Manager may recommend to the Fund Management, a suitable dividend amount to be distributed to Unit-holders. The Fund Management may approve such dividend and thereafter, the Investment Manager and the Administrator shall arrange to pay to the Unit-holders the approved amount, within a period of 10 days from the date of such approval. On disposition of any Aircraft or Asset owned by the Fund, based on the net cash available with the Fund and/or the SPC after settling all debt obligations relating to that Aircraft or Asset, the Investment Manager shall recommend to the Fund Management and in turn to the Unit-holders to utilize the entire surplus (if any) to partially reduce the capital and distribute reduction value across all Unit-holders on a pro-rata basis. On approval of such resolution by the Unit-holders in General Meeting, the Investment Manager and Administrator will arrange for the payment to the Unit-holders and record the reduced capital of the Fund. At the end of the life of the Fund, the net assets of the Fund shall be paid out to the Unit-holders and the outstanding paid-up capital redeemed in full.
Issue Manager	Oman Arab Bank-Investment Management Group P.O. Box 2010, Ruwi, Postal Code 112, Sultanate of Oman Tel: +968 24754301 Fax: +968 24125125
Legal Advisor	Curtis, Mallet-Prevost, Colt & Mosle, Llp P.O. Box 1803, PC 114 Muscat, Sultanate of Oman Tel: +968 24564495 Fax: +968 24564497
Collecting Bank	Oman Arab Bank SAOC.

3 – Brief Overview of the fund

The main objective of the Fund is to generate a steady dividend flow to its investors over the life of the Fund with return of the invested capital towards the end of the Fund life.

To achieve this objective, the Fund will use the amount raised from the Investors (net of offer expense and operational expense), along with debt funding from banks, to purchase aircraft that are then leased to airlines for their use. The broad steps involved in this are set out below:

- The Fund identifies an airline that intends to either acquire additional aircraft, which it may have ordered, or sell and lease back already owned aircraft, and enters into discussion for purchasing the aircraft on its behalf, or from it, and leasing it to the airline.
- Another well-utilized acquisition method, that the Fund will pursue, is to acquire an existing leased aircraft from another investor / lessor.
- The Investment Manager negotiates with the airline or such other owner of the aircraft for purchase of the aircraft.
- Once the aircraft purchase price and lease terms (if applicable) are negotiated, the Fund (through OBAM, the Investment Manager) will decide on the means of funding the purchase of the aircraft. This will be through a combination of own funds (equity capital) and debt funding (from financing institutions) at SPC level. The lease period will normally match or fall within the intended life of the Fund.
- The Fund will incorporate a wholly owned Special Purpose Company (SPC) (in a suitable off-shore jurisdiction based on the legal, tax, compliance and other requirements) and will invest in the SPC's equity capital. The SPC will raise debt funding from financing institutions, and use the total proceeds (being equity and debt funds) to purchase the aircraft and pay transaction expenses. The SPC is registered as the owner of the aircraft.
- The aircraft is delivered to the airline on lease for its use.
- The airline pays the agreed lease rental to the SPC. The SPC uses the amount to meet the debt repayments and other costs, and the balance amount is distributed to the Fund. In turn the Fund distributes this amount to the Unit-holders as dividend, after approval by the Fund Management.
- On expiry of the lease, the aircraft will be returned to the SPC, which will either re-lease the aircraft (if the Fund life permits) or dispose the aircraft. The disposition proceeds are used to settle the outstanding debt and, after the settlement of fees, the balance amount will be returned to the Fund. The Fund in turn, with the approval of the Unit-holders in General Meeting, will utilise the amount to reduce a portion of the capital.

The above process is repeated for funding a series of aircraft. Once all the airline leases have ended and all aircraft are sold, the Fund will redeem all outstanding units. The dividend stream and return of capital is expected to generate the target rate of return to the investors.

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The above is only a broad description of the Fund activity. Details of the Fund, its operations, the parties involved and other aspects are covered in the subsequent chapters.

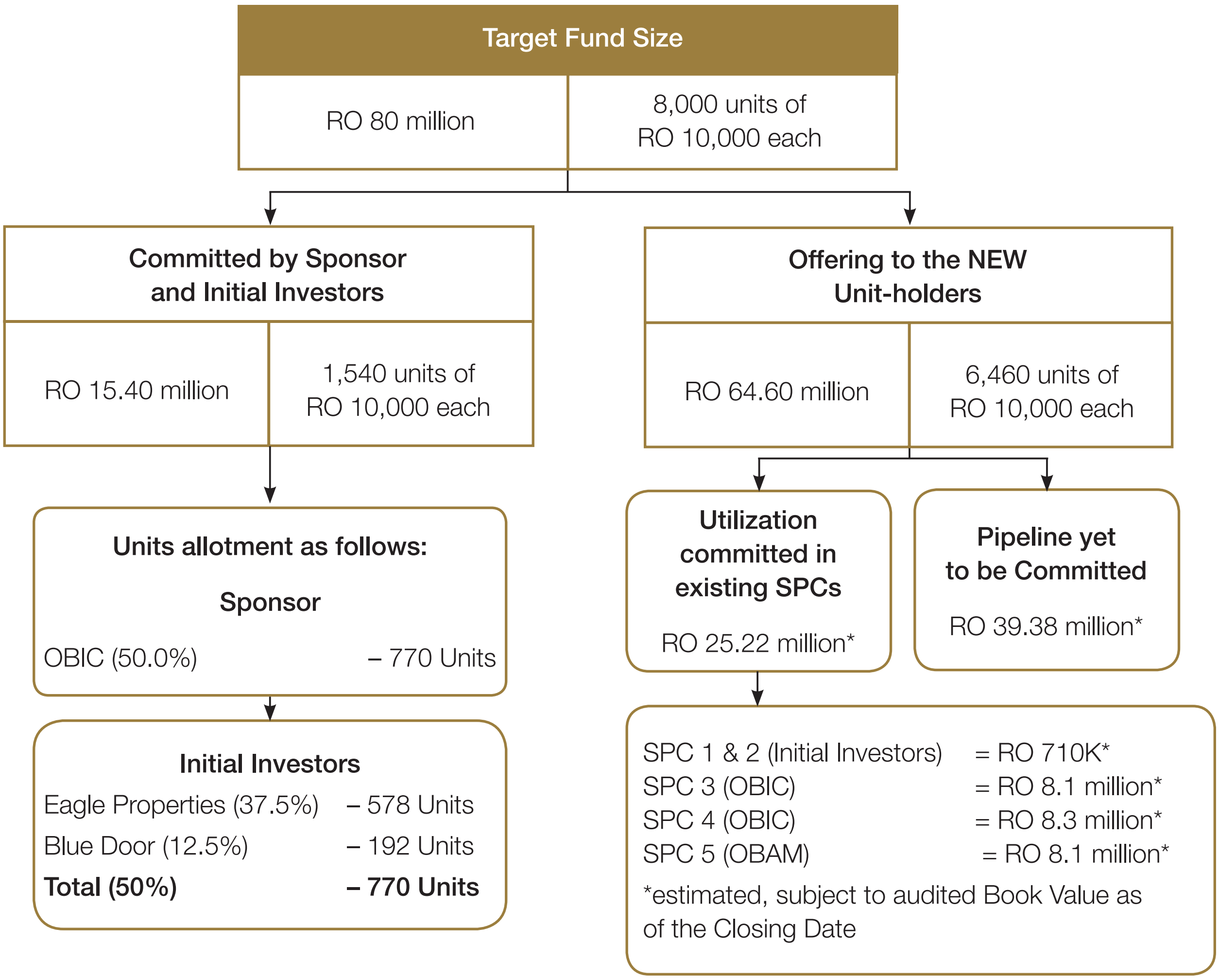
The Sponsor, OBIC alone and/or together with, Bluedoor Investment Services LLC and Eagle Properties (No.19) Ltd. (a subsidiary of SGRF) (collectively referred to as "Initial Investors") have already acquired, through SPCs, four Boeing 737-900 ER which have been placed on long-term lease to Oman Air and the fifth Aircraft has been acquired during November 2015 through an SPC by OBAM. As per the Framework Agreement between the Fund (under formation), the Sponsor, the Initial Investors and OBAM, once the Fund is formed, the entire equity of the then existing SPCs will be transferred to the Fund in the manner described below:

1. The transfer of the SPCs to the Fund shall be at Book Value (audited) as of the Closing Date. The current shareholders of the SPCs undertake to complete the transfer of the SPCs to the Fund within 30 days from the Closing Date.
2. The Initial Investors who are the current 100% shareholders of SPC 1 and SPC 2 will become Unit-holders in the Fund with a holding of RO 15.40 million (US$ 40.00 million). For the purpose, existing shareholders' in SPC 1 and SPC 2 shall receive 1,540 Units in the Fund. The excess transfer value of SPC 1 and SPC 2, over and above RO 15.40 million, shall be paid in cash by the Fund to the Initial Investors and in case of a shortfall (transfer value below RO 15.40 million), the Initial Investors shall pay cash to the Fund to the extent of the shortfall. The Initial Investors have confirmed that they will not draw any amount, either as dividend or as any other payment, from SPC 1 and SPC 2 on or after the Closing Date.
3. Further, the Fund will acquire ownership of SPC 3, SPC 4 and SPC 5 in cash at Book Value (audited) as at the Closing Date. Currently, SPC 3 and SPC 4 are owned 100% by OBIC and SPC 5 is owned 100% by OBAM. OBIC and OBAM have confirmed that they will not draw any amount, either as dividend or as any other payment, from SPC 3, SPC 4 and SPC 5 on or after the Closing Date.

The arrangement described above provides the Fund and the Unit-holders the benefit of having a ready avenue for deployment of a substantial portion of the Fund corpus into established income earning assets immediately after incorporation.

The expected utilisation of balance Fund raised is mentioned in detail in Chapter 11 of this Prospectus.

For clarity to Unit-holders, below is a diagrammatic representation of the Fund's planned investment and utilisation of subscription raised:



4 – Offer Expense

The Sponsor estimates the expenses related to the incorporation of the Fund and for marketing the Offer to include the following:

Sl.No.	Expense	Amount (RO)
1	Issue Manager & Collecting Bank Fee	90,000
2	Legal Advisor Fee	12,000
3	Reporting Accountant and Tax advisor fee	5,000
4	Placement Agent Fee	646,000
5	Financial Audit Fee	4,300
6	CMA Fee and other regulatory fee/ expenses	50,000
7	Print and Design of the Prospectus	7,500
8	Other miscellaneous expenses	10,000
9	Contingencies	10,000
	TOTAL	**834,800**

The amount of RO 150/- per Unit that is being collected as Offer Expense at the time of Subscription (from other than the Initial Investors), aggregating RO 969,000/-, will be used to meet the above expenses. If the amount collected from Subscribers as Offer Expense is less than the amount of expense actually incurred by the Fund towards its establishment and placement, the Fund will bear the excess expense. If the amount collected from Subscribers as Offer Expense is more than the actual expense incurred by the Fund, the surplus will be credited to the reserves of the Fund.

5 – Airline Industry Overview

In the preparation of this section, the Fund has relied on publicly available industry information and those provided by technical advisors. Where possible, sources of information have been identified and these sources are listed at the end of the section.

5.1 – The Airline Industry

According to the Massachusetts Institute of Technology (MIT), the international airline industry provides service to virtually every corner of the globe, and has been an integral part of the creation of a global economy. The airline industry itself is a major economic force, both in terms of its own operations (e.g. generating economic growth and providing jobs) and its impacts on related industries (such as component manufacturing, catering, tourism, etc.). Few other industries generate the amount and intensity of attention given to airlines, not only among its participants but from government policy makers, the media, and almost anyone who has an anecdote about a particular air travel experience.

In an Ascend report it was noted that in 2013 alone, the world's airlines carried more than 3 billion passengers and directly employed more than 8.7 million people. In fact, if the aviation industry was a country, it would rank 21st in the world in terms of gross domestic product (GDP), generating US$606 billion in GDP in 2012. By 2026, the industry is forecast to contribute US$1 trillion to the world GDP.

5.1.1 – Global Outlook

According to the Air Transport Action Group (ATAG), the global airline industry consists of over 1,300 airlines operating more than 25,000 aircraft and providing service to around 3,700 airports. Over 58 million people are employed worldwide in aviation and related tourism. Of this, around 8.7 million people work directly in the aviation industry. During 2013, around 3.1 billion passengers were carried by the world's airlines.

The global aviation industry holds a steady outlook for 2015 as economic recovery, declining fuel prices and rising cargo demand lend optimism to the sector. These outweigh the negative impact of growth concerns in emerging economies. After surviving the 2008 financial crisis, the ongoing economic upturn is believed to be much stronger than that of 2012 and 2013 (Zacks).

The International Air Transport Association (IATA) remains optimistic on the industry and projects airline collective global net profit to increase from $19.9 billion in 2014 to $29.3 billion in 2015.

The aircraft manufacturers produce annual reports on the state and prospects for the airline industry and, forecasting out 20 years, they foresee considerable growth in air traffic, passengers & freight carried, and the number of aircraft in operation. This is driven by population growth, continued globalisation and increased tourism. In Airbus' latest Global Market Forecast (GMF)(for the period 2015-2034), entitled "Formulating the Future", this new forecast – which serves as a reference for airlines, airports, investors, governments, non-government agencies and others – anticipates that air traffic will grow at 4.6 per cent annually, requiring some 32,600 new aircraft, an increase of 19,563 over the 2014 global fleet.

5.1.2 – Middle East Outlook

The surge of the aviation industry in the Middle East has been strong. In the last 20 years, the fleet size of the region's carriers has quadrupled from 218 aircraft in 1992 to 898 at the beginning of 2013 (Airbus GMF 2013). As per Boeing's 2014-2033 Current Market Outlook, between 2001 and 2012, Middle East has consistently outpaced the world in international traffic growth, with above 15% growth in 2013 (2013 World growth of around 7%). In the period 2014-2033, airlines in the Middle East region are forecast to see air traffic growth of 6.4% per annum and to acquire 2,950 aircraft with a market value of US$640 billion.

As per reports published by IATA, Middle East airlines have one of the lowest breakeven load factors (58.6%).

Average yields are low but unit costs are even lower, partly driven by the strength of capacity growth. Passenger capacity is expected to expand by 15.6% in 2015 (up from 11.4% in 2014). Post-tax net profits are expected to grow to US$ 1.6 billion in 2015 (up from US$ 1.1 billion in 2014).

As reported in the New York Times, at the 2014 Dubai Air Show alone, Etihad, Emirates and Qatar Airways announced plans to buy 350 more long-range planes from Boeing and Airbus, with orders valued at a record US$ 162 billion and deliveries extending well into the next decade. This is in addition to pre-existing and subsequent orders by these three GCC carriers alone, and does not include orders by other GCC airlines and the wider MENA area.

In Boeing's latest Market Outlook for the period 2015-2034, Boeing predict that in the period the Middle Eastern fleet will increase from 1,260 to 3,480 aircraft, an annual growth rate of 5.2%;

5.2 – Aircraft Manufacturers

The two main commercial aircraft manufacturers are Airbus S.A.S. and The Boeing Company.

Airbus S.A.S., headquartered in Toulouse, France, designs, manufactures and sells commercial aircraft. Airbus S.A.S. is the aircraft manufacturing division of Airbus Group (formerly European Aeronautic Defence and Space Company (EADS)), with manufacturing facilities mainly in France, Germany, Spain and the United Kingdom.

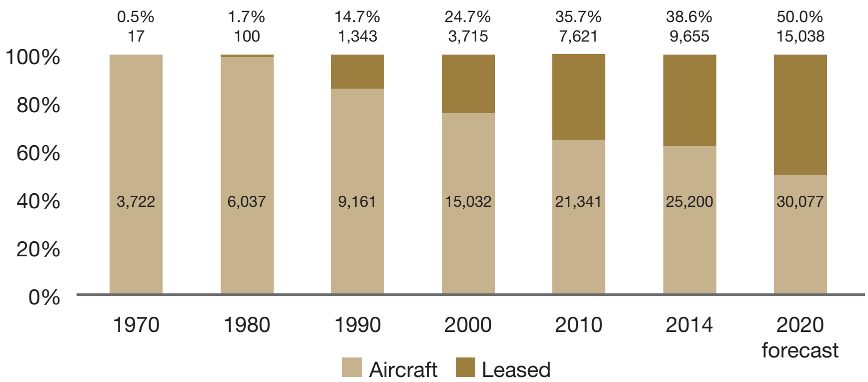
The Boeing Company, headquartered in Chicago, United States of America, is an American multinational corporation that designs, manufactures and sells commercial aircraft and other products.

5.3 – Aircraft Operating Leasing Industry

The aircraft operating leasing industry is a relatively new industry that was only established in the late 1970s to early 1980s. The underlying basis of this market is that aircraft operating lessors acquire aircraft, either new from manufacturers, or pre-owned from airlines and other lessors, and subsequently lease them to an airline operator. The airline pays periodic lease payments to the lessor and must abide by certain operating, maintenance, insurance and other obligations required by the lessor as per the terms of the relevant lease agreements.

Over the past 20 years, the world's airlines have increasingly opted to lease their aircraft fleets rather than purchasing them outright. The chart below gives a snapshot of the increasing role of operating leases in the aviation industry:

OPERATING LEASES ARE PLAYING A LARGE ROLE
World Airline Fleet



Sources: Boeing; Aircraft Monitor Report, Flight Global

The expansion of the operating lease market has been accompanied by the growth of a wide range of financial institutions serving the leasing market. The two largest lessors today are GECAS and AerCap (now an amalgamation of AerCap and ILFC). However, the market has seen a large number of successful mid-size leasing companies enter the market over the years including BBAM, SMBC, BOC Aviation, Avolon Aerospace, Air Lease Corporation, Macquarie AirFinance etc.

As per a recent publication by First Global Insight, during 2014, the top 20 lessors by fleet value collectively operated 6,556 aircraft with an estimated market value of almost US$170 billion, and with estimated aircraft order book with Airbus and Boeing worth US$98 billion. The table below shows the top 20 aircraft lessors by aircraft fleet value:

Rank	Operating Lessor	Total number of Aircraft in Fleet	Estimated Market (US$ million)
1	GECAS	1,624	32,507
2	AerCap	1,305	33,099
3	SMBC Aviation Capital	386	11,037
4	AWAS	313	9,222
5	CIT Aerospace	312	9,004
6	BBAM	292	11,060
7	Aviation Capital Group	272	6,561
8	BOC Aviation	246	9,445
9	Air Lease Corp.	235	8,806
10	Boeing Capital	227	1,982
11	Nordic Aviation Capital	174	1,968
12	ICBC Leasing	168	6,858
13	Avolon Aerospace Leasing	140	6,204
14	Aircastle Advisor	136	4,083
15	Macquarie AirFinance	132	2,635
16	CDB Leasing Company	129	5,252
17	FLY Leasing	127	3,003
18	Orix Aviation	123	2,482
19	AvMax Aircraft Leasing	110	319
20	Standard Chartered Aviation Finance	105	4,263
	Total	**6,556**	**169,790**

Source: Finance & Leasing Report 2015 by Firstglobal (Airline Business, Feb'15)

Operating leasing provide airlines the flexibility to manage their fleets. If aircraft are likely to be replaced in a short time period or they are required at particular peaks in capacity requirements, then operating leases represent a financially viable and flexible method of acquiring such aircraft. Similarly, if airlines want to spread the residual value risk of particular aircraft types and avoid concentration risk, then operating leases provide for the residual value risk remaining with the lessor.

Operating leasing is also seen as another alternative financing product, which generally does not interfere with an airline's more general banking line. Operating lessors tend to take a credit view based upon the inherent value of the aircraft asset and not the credit strength of the airline, although, this will dictate certain terms and conditions. For certain airlines, start-ups or those with a poor credit rating, operating leasing may be the only viable method of obtaining an aircraft.

There is currently an unprecedented level of activity in the aircraft operating leasing market. There has been a number of high profile leasing company trades, such as the announced purchase by Macquarie AirFinance from AWAS of 90 young aircraft on lease in a US$4 billion deal, AerCap completed the purchase of International Lease Finance Corporation (ILFC) in a transaction valued at US$26 billion, and Avolon launched an IPO listing on the New York Stock Exchange, providing existing shareholders with about US$270 million in sales proceeds.

5.4 – The Aircraft

The main types of aircraft that the Fund proposes to acquire are described below:

5.4.1 – Boeing 737-800

The Boeing 737 is a short- to medium-range twinjet narrow-body airliner. Originally developed as a shorter, lower-cost twin-engine airliner derived from Boeing's 707 and 727, the 737 has developed into a family of nine passenger models with a capacity of 85 to 215 passengers. The 737 is Boeing's only narrow-body airliner in production with variants such as -600, -700, -800, and -900ER. A re-engined and redesigned version, the 737 MAX, is set to debut in 2017.

The Boeing 737-800 was launched by Hapag-Lloyd Flug (now TUIfly) in 1994 and entered service in 1998. The aircraft seats 162 passengers in a typical two-class layout, or up to 189 in one class. It competes with the Airbus A320.

The 737-800 is a stretched version of the 737-700, and replaces the 737-400. It also filled the gap left by the decision to discontinue the McDonnell Douglas MD-80 and MD-90 following Boeing's merger with McDonnell Douglas. For many airlines in the U.S., the 737-800 replaced aging Boeing 727-200 tri-jets.

The 737-800 is also among the models replacing the McDonnell Douglas MD-80 series aircraft in airline service; it burns 850 US gallons (3,200 L) of jet fuel per hour, or about 80 percent of the fuel needed by an MD-80 on a comparable flight, even while carrying more passengers than the latter. According to the Airline Monitor, an industry publication, a 737-800 burns 4.88 US gallons (18.5 L) of fuel per seat per hour.

As per data provided by Ascend FG Advisory as of Q3 2015:

- There are 3,619 Boeing 737-800 aircraft in passenger service with total of 152 airline and non-airline operators, 1,179 aircraft on order with 74 customers and 38 aircraft parked with 24 companies.
- Over 3,600 aircraft are in operation with a backlog of around 1,100 aircraft.
- There have been high levels of leasing activity observed with over 53% of the fleet on operating lease. This shows that lessors have confidence in the future liquidity of this aircraft type.
- There is no expectation of an all-new replacement design from Boeing likely until 2030.

5.4.2 – Boeing 737-900 ER

The 737-900ER, which was called the 737-900X prior to launch, is the newest addition and the largest variant of the Boeing 737 line and was introduced to meet the range and passenger capacity of the discontinued 757-200 and to directly compete with the Airbus A321. An additional pair of exit doors and a flat rear pressure bulkhead increase seating to 180 passengers in a typical two-class configuration or up to 215 passengers in a single-class layout. The first 737-900ER was rolled out of the Renton, Washington factory on August 8, 2006 for its launch customer, Indonesian Lion Air.

As per data provided by Ascend FG Advisory as of Q3 2015:

There are 378 aircraft in passenger service with 19 airline and non-airline operators, including 51 737-900s (25 with winglets) and 327 737-900ERs. A further 173 Boeing 737-900ERs are on order with 10 operators

United Airlines is the largest customer of the type with 142 in service/on order. Lion Air is the second largest operator but it converted 24 orders to 737-800 in 2014

5.4.3 – Boeing 777 family

The Boeing 777 is a family of long-range wide-body twin-engine jet airliners developed and manufactured by Boeing Commercial Airplanes. It is the world's largest twinjet and has a typical seating capacity for 314 to 451 passengers, with a range of 5,235 to 9,380 nautical miles (9,695 to 17,372 km). Its distinguishing features include the largest-diameter turbofan engines of any aircraft, six wheels on each main landing gear, a circular fuselage cross-section, and a blade-shaped tail cone. Developed in consultation with eight major airlines, the 777 was designed to replace older wide-body airliners and bridge the capacity difference between Boeing's 767 and 747.

The 777 is produced in two fuselage lengths as of 2014. The original 777-200 variant entered commercial service in 1995, followed by the extended-range 777-200ER in 1997. The stretched 777-300, which is 10.1 meter longer, entered service in 1998. The longer-range 777-300ER and 777-200LR variants entered service in 2004 and 2006 respectively. The 777-200LR is the world's longest-range airliner and can fly more than halfway around the globe; it holds the record for the longest distance flown non-stop by a commercial aircraft.

Emirates operates the largest 777 fleet, with 138 passenger and freighter aircraft as of July 2014. The 777 ranks as one of Boeing's best-selling models. Airlines have acquired the type as a comparatively fuel-efficient alternative to other wide-body jets and have increasingly deployed the aircraft on long-haul transoceanic routes. Direct market competitors include the Airbus A330-300, newly launched Airbus A350 XWB, and the out-of-production A340. In November 2013, Boeing announced the development of upgraded 777-8X and 777-9X models, collectively named 777X, featuring composite wings and GE9X engines and further technologies developed for the 787.

Source: Flightglobal Market Commentary Report Q3 -2015:

The 777-300ER enjoys a large operator base comprising 36 airline operators, of which China Eastern and China Airlines both became the most recent additions in 2014. 2016 is likely to see some new 777-300ER operators, such as Swiss (in Q1) and Kuwait Airways (in Q4). The remainder of the 200-or-so aircraft on firm order backlog are for existing operators, bar United which is expecting its first aircraft in 2017

777-300ER Bestselling widebody variant to date, according to Flightglobal, almost 800 sold with nearly 30% sill on backlog. Two third of these are for existing customers.

The 777-300ERs continue to be an ideal replacement aircraft for 747-400s with much better cargo capacity, albeit lower passenger capacity. While the latter can be increased with 10-abreast seating in economy, the narrower seats and aisles are proving unpopular with passengers as the 747's cabin is 24cm (9in) wider than the 777's.

The 777-X was formally launched at the Dubai air show in October 2013. The GE9x powered aircraft will have a new composite wing. The size of the -8X is similar to the -300ER and the -9X will have some 50 more seats. Service entry scheduled in 2020 / 2021.

5.4.4 – Boeing 787 (Dreamliner)

The Boeing 787 Dreamliner is a long-range, mid-size wide-body, twin-engine jet airliner developed by Boeing Commercial Airplanes. Its' variants seat 242 to 335 passengers in typical 3-class seating configurations. It is Boeing's most fuel-efficient airliner and the world's first major airliner to use composite materials as the primary material in the construction of its airframe. The 787 was designed to be 20% more fuel efficient than the 767 it is replacing. The 787 Dreamliner's distinguishing features include mostly electrical flight systems, a four-panel windshield, noise-reducing chevrons on its engine nacelles, and a smoother nose contour. It shares a common type rating with the larger Boeing 777, allowing qualified pilots to operate both models, due to related design features.

The first 787 was unveiled in a roll-out ceremony on July 8, 2007 at Boeing's Everett assembly factory, by which time the aircraft had 677 on order; this is more orders from launch to roll-out than any previous wide-body airliner. As of January 2015, the 787 program had logged more than 1,000 orders from 60 customers, with All Nippon Airways having the largest number on order.

Development and production of the 787 has involved a large-scale collaboration with numerous suppliers worldwide. It entered commercial service on October 26, 2011 with launch customer All Nippon Airways. The stretched 787-9 variant, which is 20 feet (6.1 m) longer and can fly 450 nautical miles farther than the -8 variant.

Source: Flightglobal Market Commentary Report Q3 -2015:

The Flightglobal Fleet Forecast predicts demand for over 4,500intermediate sized passenger wide-bodies (including 787, A350-900, A330neo) over the next 20 years.. The A350-900 variant and the 787 range are both selling well – these are the new benchmark aircraft types in the long-haul wide-body market.

The 787-10 is a "simple" 18ft stretch, 20% larger than the 787-9 to seat 300-330; it has the same 553,000lb (250- tonne) MTOW as the -9 and approximately 7,000nm range. It will fly in 2017 with first delivery in 2018. Aimed at 777-200ER and A330-300 replacement market.

The 787-9 and -10 are expected to be the most popular variants in time, although the order book does not reflect this yet. More upgrading from -8 orders expected.

Economics and performance will drive the replacement of large numbers of 767-300ERs and A330-200s. Once reliability issues have been resolved, the 787 will likely become the benchmark product in the small wide-body sector.

5.4.5 – Airbus A330-300 HGW

The Airbus A330 is a wide-body twin-engine jet airliner made by Airbus, a division of Airbus Group. Versions of the A330 have a range of 7,400 to 13,430 kilometres (4,000 to 7,250 nautical miles) and can accommodate up to 335 passengers in a two-class layout or carry 70 tonnes (150,000 lb) of cargo.

In 2000, it was reported that Airbus was studying an A330-300 version with a higher gross weight. It was named A330-300HGW. The version has strengthened wing and additional fuel capacity from a 41,600-litre (11,000 US gal) centre section fuel tank. The A330-300HGW's range was increased to over 11,000 km (5,900 nautical miles). Among those that showed interest was leasing company ILFC, which sought airliners that could fly from the US West Coast to Europe.

As per data provided by Ascend FG Advisory as of Q3 2015:

- There are 561 A330-300 aircraft in passenger service with 60 operators, 111 on order and 24 in storage. Of these, 60 of the fleet are the original -300 models (of which seven are stored) and the remainder are HGW models.
- Market Values remained stable in Q2 while lease rates were reduced for the HGW in a competitive market with some oversupply. Current production A330-300HGWs remain one of the most liquid assets in the widebody category; it is popular in the 300-seat medium/long-range market and complements the newer types like the 787.
- The aircraft has a very limited availability in the market and any HGW aircraft is usually quickly placed.

5.4.6 – Airbus A320 family (A318- A319 – A320 – A321)

The Airbus A320 family consists of short- to medium-range, narrow-body, commercial passenger jet airliners manufactured by Airbus. The family includes the A318, A319, A320 and A321, and the ACJ business jet. The A320s are also named A320ceo (current engine option) after the introduction of the A320neo.

The first member of the A320 family—the A320—was launched in March 1984. The family was soon extended to include the A321 (first delivered 1994), the A319 (1996), and the A318 (2003). The A320 family pioneered the use of digital fly-by-wire flight control systems, as well as side-stick controls, in commercial aircraft. There has been a continuous improvement process since introduction.

In 2010, Airbus announced a new generation of the A320 family, the A320neo "New Engine Option". The A320neo offers a choice of CFM International LEAP-X or Pratt & Whitney PW1000G engines, combined with airframe improvements and the addition of winglets, named Sharklets by Airbus. The aircraft will deliver fuel savings of up to 15%.

Source: Flightglobal Market Commentary Report Q3 -2015:

- The A320ceo will continue to be one the most marketable aircraft, drawing on the large customer base and commonalities within A320 family. It has a global population and operators in all sectors, scheduled, low-cost and charter. More than 4,500 of the current A320ceo ordered to date.
- Production rate for the A320 family is 42/month and will grow to 46/month in 2016 and further hikes to 50/month considered. From 2018 all production will be of neo variants. New Final Assembly Line (FAL) in Mobile, Alabama, will be producing about three / four aircraft per month by 2018. Together with its current facilities in Hamburg, Toulouse and Tianjin – Airbus now has a global FAL network to serve customers from different continents.
- With a very large fleet size of the current generation, it will be the mid-2020s before the neo becomes the majority of the A320 fleet. This suggests that the current ceo generation may not suffer as much of the "last of the line" effect as early as has been observed in the past.

5.4.7 – Airbus A350 (XWB)

The Airbus A350 XWB is a family of long-range, twin-engine wide-body jet airliners developed by European aircraft manufacturer Airbus. The A350 is the first Airbus with both fuselage and wing structures made primarily of carbon-fiber-reinforced polymer. Its variants seat 276 to 369 passengers in typical two-class seating layouts. The A350 is positioned as a successor to the A330 and A340, competing with Boeing's 787 Dreamliner and 777 series.

The A350 was originally conceived in 2004 with new aerodynamics and engines. In 2006, Airbus redesigned the aircraft and renamed it the A350 XWB (extra wide body). The launch customer for the A350 is Qatar Airways, which ordered 80 aircraft of all three variants Development costs are projected to be US$15 billion. The A350 received type certification from the European Aviation Safety Agency in September 2014 and certification from the FAA in November 2014. The A350 entered service with Qatar Airways on 15 January 2015 with flight to Frankfurt.

Source: Flightglobal Market Commentary Report Q3 -2015:

- The A350 has a total of five aircraft in service and 775 passenger aircraft on order. Of these, the five in service and 590 on order of the A350-900 variant; 169 orders are for the -1000 and 16 orders are for the -800. There is also one more order for the VIP -900 ACJ variant.
- With the increasing environmental concerns in terms of both noise and emissions, new generations of twin-engined widebody aircraft will have a more crucial role to play in the market.
- Production rate reached 3/month and will rise to 5/month by end 2015, with a target of 10/month by 2018. Extra facilities in Toulouse to be developed by 2016.

- The Flightglobal Fleet Forecast is predicting a market of at least 5,300 A350-sized aircraft (250-350 seats) over the next 20 years.

5.5 – The Airlines

The Fund's first five investments will be into aircraft and leases with Oman Air, the national airline of the Sultanate of Oman.

5.5.1 – Oman Air

Oman Air is a Closed Omani Joint Stock Company owned by the Government of the Sultanate of Oman (99.825%) and others (0.175%). Oman Air has played a significant role in making Muscat a major traffic hub in the Middle East providing a fillip to commercial, industrial and tourism activities to the country. The Oman Air fleet of 39 aircraft includes modern and fuel-efficient aircraft with aesthetically designed interiors, and with ultra-modern on-board In-Flight Entertainment Systems. The airline currently has on order 14 new aircraft for delivery from Boeing between 2016 and 2018.

Oman Air currently operates direct international flights to major Gulf destinations such as Abu Dhabi, Bahrain, Doha, Dubai, Jeddah, Dammam, Kuwait, Medina, and Riyadh from Muscat. The airline also flies to eleven destinations in India - Mumbai, Chennai, Kochi, Thiruvananthapuram, Hyderabad, Delhi, Lucknow, Bangalore, Kozhikode, Goa and Jaipur. Chittagong in Bangladesh, Karachi, Lahore and Islamabad in Pakistan, Male in the Maldives, Colombo in Sri Lanka, Kathmandu in Nepal, Bangkok in Thailand, Kuala Lumpur in Malaysia, Singapore, Jakarta in Indonesia, Manila in Philippines, Dar Es Salaam and Zanzibar in Tanzania. Oman Air also flies to Cairo in Egypt, Beirut in Lebanon, Amman in Jordan, Tehran in Iran, London in the UK, Frankfurt and Munich in Germany, Paris in France and Milan in Italy. The airline operates domestic flights from Muscat to Salalah and Khasab.

More details on Oman Air, including its annual financial statements, are available at www.omanair.com

5.5.2 – Other Airlines

It is anticipated that for further investments the Fund will transact with Oman Air and/or other investment grade airlines in the Middle East and globally.

Investment grade airlines are those that have a credit rating of "Baa3"or higher (Moody's rating classification), "BBB-" or higher (S&P and Fitch rating classification) or "B" or higher (OBAM rating classification).

Sources of Information for this chapter:

- Airbus Global Market Forecast 2013-2032
- Airbus Global Market Forecast 2015-2034
  http://www.airbus.com/company/market/forecast/
- Boeing Current Market Outlook 2014-2033
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6 – Transaction Related Parties

6.1 – Oman Brunei Investment Company SAOC ("OBIC") - The Sponsor

OBIC is a Closed Omani Joint Stock Company owned by the governments of the Sultanate of Brunei (Brunei Investment Agency 50%) and the Sultanate of Oman (State General Reserve Fund 50%). Formed in 2009, OBIC is a private equity firm based in Oman investing in attractive medium sized companies and works along with the management to create value.

Areas of investment – OBIC's operations are in the Private Equity space with a geographical span covering Oman, Brunei & GCC - focusing on regional investments while working proactively with talented management teams across various sectors to create value for the stakeholders.

Investment Focus – OBIC focuses on acquiring a strategic stake in new projects and existing operating company or companies; through direct participation and joint venture investments which cater to building a diversified portfolio across the vital sectors of the economy and industries.

Investment Philosophy – The investment focus is to employ capital in attractive private equity investments in medium sized - businesses that offer higher growth and sustainability. On a selective basis, OBIC may invest in public companies traded on regional stock markets, holding strategic interests.

OBIC is the Sponsor of the Fund and has committed to invest RO 7.7 million (US$ 20 million) in the Fund which will happen in the manner describer under Chapter 3 of this Prospectus. OBIC shall not sell its units except after 3 years from the date of closure of Subscription.

As the Sponsor of the Fund, OBIC will co-ordinate with the CMA in respect of all matters pertaining to the process of establishment of the Fund and the listing of its units on the MSM. OBIC shall apply to the CMA to obtain approval to establish the Fund, for the Fund's Articles of Association, the Prospectus and other documentation as may be required by the CMA. The Sponsor will aim to complete the process of establishing the Fund within a period of 3 months from the date of notice of approval by the CMA.

6.2 – Fund Management

The Fund shall be managed and supervised by a management body (hereinafter referred to as the Fund Management) elected by the general meeting in accordance with the provisions of the Articles of Association. Details of the Fund Management are set out in Chapter 7.

6.3 – Oman Brunei Asset Management SAOC ("OBAM") - the "Investment Manager", "Aircraft Lease Manager", "Re-marketing Agent"

6.3.1 – OBAM background

OBAM is a newly formed Closed Omani Joint Stock Company substantially owned by OBIC and SGRF, whose management team has direct hands-on experience in transaction sourcing and structuring, sale and leasebacks, credit assessment, financial modelling, transaction execution, portfolio management, aircraft trading and remarketing, aircraft financing & leasing, structured finance, commercial debt sourcing, strategic planning, joint ventures, and negotiation of lease, loan and sale & purchase agreements.

OBAM's team has been involved in the closing of aircraft related transactions, including operating leases, structured finance, finance leases and joint ventures with an aggregate value in excess of US$5 billion. The team has a wide network of relationships with airlines, banks, leasing companies, and technical and aviation advisors, facilitating possible opportunities for aircraft leasing, financing and remarketing in the secondary market.

6.3.2 – OBAM Management Team- expertise and track record

Simon McLean – Chief Executive Officer

Simon has more than 25 years of global experience in aviation, financial services, and banking industries and has been involved in the closing of aircraft related transactions, including operating leases, structured finance, finance leases and joint ventures, with an aggregate value in excess of US$5 billion. Previously Chief Operating Officer (COO) of Waha Leasing PJSC, Waha Capital's big-ticket leasing subsidiary based in Abu Dhabi where, in addition to his Waha Leasing role, he was responsible for Waha Capital's interests in the commercial aviation sector and a member of Waha Capital's Investment Committee and Management Committee. Prior to joining Waha, he was Vice President, Aerospace for Newcourt Capital and he has also held positions in Chemical Bank and Barclays Bank. He has hands-on experience in the aircraft leasing and finance sector, including new business development, remarketing, trading, lease negotiation, debt sourcing, transaction documentation and execution, lease extensions, dispute resolution and portfolio management. His global business experience, including clients in the Middle East, Europe/CIS, Asia, Australasia and North America and he has over 13 years' experience of business and living in the Middle East, including managing multi-cultural teams. Simon graduated with a MBA from the University of Leicester in January 2005.

Ramin Daneshi, CFA – Director, Risk & Pricing

Ramin, former Investment Manager at OBIC , has 14 years of diverse experience in the finance industry including private equity buy-side investing, investment banking, aircraft leasing and structured finance. Prior to joining OBIC, Ramin was with Waha Capital in the UAE, where he was an Associate with M&A and strategic investments team covering Aviation and Aircraft leasing investments. Ramin was the Lead Analyst responsible for Aviation investments including acquisition of AerVenture and AerCap. Ramin also worked closely with Waha Leasing (formerly Oasis International Leasing), Waha Capital's aircraft leasing arm, where he was responsible for credit risk, lease evaluation, financial analysis and lease/finance pricing. In this capacity, Ramin was involved in a number of aircraft leasing and structured finance deals including Project Blue II, a structuring finance loan to NWA-Delta and Singapore Airline, sale-back of subordinate loans to Etihad Airways and a number of operating leases. Ramin has a Bachelor of Science degree in Mathematics from SUT and a Post Graduate degree in Financial Engineering from UC. Ramin is also a CFA charterholder.

Other members

OBAM has recently recruited a junior accountant and will, in compliance with the CMA requirements, employ a compliance officer. OBAM has plans to recruit an experienced aircraft leasing and financing executive during the first quarter 2016, subject to the successful launch of the Fund.

OBAM formally outsources its accounting and administration functions to OBIC and utilizes the professional services of technical & legal partners, including McLarens Aviation and Towers & Hamlins LLP.

6.3.3 – Investment Manager

The Fund shall appoint OBAM as the Investment Manager and the Fund shall enter into an Investment Management Agreement with OBAM.

OBAM has obtained a licence from CMA for investment fund management, which is valid till 31st December, 2018

The Investment Manager shall function in compliance with the CMA regulations, Articles of Association of the Fund and the Investment Management Agreement. The Investment Manager shall have appropriate system to classify, monitor and check all transactions of the Fund. In performing its duties and obligations under the

Investment Management Agreement, the Investment Manager will be supervised by the Fund Management, and will be required to comply with the investment guidelines of the Fund as determined by the Fund Management from time to time, as well as applicable laws of the Sultanate of Oman, the Articles of Association and this Prospectus.

The draft Investment Management Agreement agreed between the Sponsor, the Fund and the Investment Manager provides for the following:

The Fund appoints OBAM as an investment manager with full and exclusive discretion and authority to manage and direct the investment of the Fund assets subject always to the Fund Management's final approval of the investments and their disposals, with a view to fulfilling the objectives, guidelines and restrictions set forth in the Investment guidelines (as described in the Section titled "Investment /Exit Process and Investment Controls") and as amended from time to time.

The Investment Manager shall have the right, power and authority, for and on behalf of the Fund, to:

- manage the investments and reinvestments of the Fund's assets and to continuously review, supervise and administer the investment program of the Fund;
- complete technical due diligence and physical inspection of the Fund assets and related records;
- review and negotiate purchase agreements covering acquisition of the Fund assets subject always to the Fund Management's final approval of the investments and their disposals;
- review exiting lease agreements and related documentation and negotiate and close new operating lease agreements or lease novation agreements as appropriate;
- negotiate and execute loan agreements, security agreements, and other documents required in connection with any debt financing;
- open, maintain and close accounts, including margin and custodial accounts, with brokers, including brokers affiliated with the Investment Manager, and issue all instructions and authorisations to brokers regarding the money therein;
- engage personnel, whether part-time or full time, attorneys, independent accountants, advisors, consultants administrators and service providers and such other persons as the Investment Manager may deem necessary or advisable and if it is determined to be in the best interest of the Fund so long as it is not in violation with the applicable laws of Oman and this Prospectus;
- engage qualified technical advisors to carry out, inter alia, periodic aircraft inspections (both during and prior to acquisition of aircraft), review aircraft specifications and advise on the technical aspects of lease agreement;
- do any and all acts on behalf of the Fund as it may deem necessary or advisable, and exercise all rights of the Fund with respect its interest in any person, including, without limitation, participation in arrangements with creditors, the institution and settlement or compromise of suits and administrative proceedings or other similar matters;
- cause the Fund to engage in agency, cross and principal transactions with the Investment Manager or its affiliates to the extent permitted by applicable law;
- make representations and warranties on behalf of the Fund in respect of the investments of the Fund;
- supply the administrator of, or other service providers to, the Fund with such information and instructions as may be necessary or advisable or incidental to the investment activities of the Fund or the maintenance and administration of the Fund;
- authorize any officer, director, employee, sub-investment advisor or other agent of the Investment Manager or agent or employee of the Fund to act for and on behalf of the Fund in all matters incidental to the foregoing.

- Manage the portfolio of the Fund in the best interest of the investment objectives of the Fund as stipulated in the Articles of Association.
- Implement all investment decisions or other decisions in the best interest of the Fund and Investors.
- Accurately record all purchase and sale transactions undertaken in favor of the Fund and in keeping with their time sequence.
- The Investment Manager shall have an accounting system to classify, monitor and check all transactions in the Fund portfolio which are entered into the system and adjust to the cash and securities accounts opened in the name of the Fund with the Custodian.
- Manage liquidity for the Fund to discharge any obligations; and
- Safeguard the Fund from any unnecessary investment risks.

The Investment Manager shall use its best efforts to ensure that its activities at all times conform to, and are in accordance with, the requirements imposed by any applicable law, provisions of the Investment Management agreement, the Investment guidelines and any mandate agreed upon by the Investment Manager and the Fund and, to the extent applicable, in the Prospectus.

The Investment Manager will submit such periodic reports to the Fund regarding the Investment Manager's activities as the Fund may reasonably request.

Fee payable to the Investment Manager is set out in Section 12.2.5 of this Prospectus. The Investment Manager, at its discretion, may retain and rely upon the advice and services of legal counsel, independent accountants and other professional advisers and consultants in connection with the performance of its activities on behalf of the Fund and shall bear all expenses related to such advice and services, it being understood, however, that custodian charges, taxes, auditing and legal expenses and all other operating costs of the Fund shall be payable by the Fund. No other costs, expenses, fees or other amounts (other than the Management Fee, the Performance Fee or such as may otherwise be agreed to by the Fund) shall be payable by the Fund to the Investment Manager under the Investment Management agreement. To the extent that expenses of the Fund are paid for by the Investment Manager, the Investment Manager shall be reimbursed by the Fund.

The Investment Management agreement also provides for indemnities to the Investment Manager. The Investment Management Agreement may be terminated at any time by either party with 90 calendar days prior written notice, in the event of (i) a material breach of any provision of the agreement and if such material breach is not cured within 30 calendar days following notice thereof or, (ii) the bankruptcy, insolvency, receivership or loss of authorization by applicable law or regulation to do business as contemplated by the agreement. If the agreement is terminated, the Fund will pay to the Investment Manager the Management Fee pro-rata to the date of termination, the Performance Fee pro-rata to the date of termination and any additional expenses necessarily incurred by the Investment Manager in terminating the agreement.

Apart from being the Investment Manager, OBAM will also carry out the following functions:

"Aircraft Lease Manager"

The Aircraft Lease Manager's primary responsibility is to assist the SPC with the lease and management of the Aircraft.

The Aircraft Lease Manager will, when required, outsource technical matters to a qualified technical advisor, including periodic aircraft inspections during the tenor of the transaction and, ultimately, with respect to the redelivery of the Aircraft at the end of the lease. In respect of the lease of the Boeing 737-900ER aircraft that have already been leased to Oman Air, one such specialist technical advisor, McLarens Aviation, was engaged by the Aircraft Lease Manager to review the aircraft specification, advise on the technical aspects of the leases, and to conduct a physical inspection of the Aircraft prior to its acquisition by the SPC concerned.

“Re-marketing Agent”

Additionally, OBAM will act as the Re-marketing Agent. The marketing process for each Aircraft is expected to begin at least 12 months prior to the expiration of the respective lease. The re-marketing agent will evaluate the various exit strategies that are available at the end of the Lease period including resale, re-lease to the airline which is using the aircraft, lease to another airline, or sale during the lease term to another investor. The agent will recommend the most suitable option to the Fund for its approval and thereafter implement the approved exit option.

The role of the Aircraft Lease Manager and Re-marketing Agent is elaborated in the Section “Investment /Exit Process and Investment Controls” as well as in Section 18.4.

Fee payable to the Aircraft Lease Manager and Re-marketing Agent are set out in Section 12.2.5 of this Prospectus.

6.4 – Custodian

National Bank of Oman (NBO) will be the Custodian of the Fund’s assets and the Fund will enter into a suitable Custodian Agreement. The Fund’s assets will be held directly by the Custodian whose principal place of business is within the Sultanate of Oman, pursuant to the Custodian Agreement. The Custodian may appoint a sub-custodian in respect of assets located outside the Sultanate of Oman. Written consent of the Fund Management shall be obtained for all the contracts concluded with the sub-custodian and such contracts shall provide adequate protection for the assets on terms and conditions consistent with the contract with the main custodian. The assets of the Fund shall be registered in the name of the Custodian or sub-custodian or their respective nominee with an account number or other designation in the records of the Custodian or sub-custodian or the nominee, to establish that the ownership of the assets is vested with the Fund.

All contracts concluded with the Custodian or sub-custodian shall at least cover:

1. Requirements that enable the Fund to exercise all the rights pertaining to the assets kept with the sub-custodian.
2. Requirements pertaining to the location where the Fund’s assets are kept.
3. Method of holding the assets.
4. Care and liability for loss.
5. Review and compliance reports.
6. Fees, method of payment and timing of payment.

The scope of work covers the following:

- Custody of cash (held in the Fund’s Oman bank account)
- Custody of documents (custody of one set of original transaction document, when available)
- Receive income from the SPCs as per Lease Agreements (net of SPC operating costs)
- Pay for expenses as per agreements at both the Fund and SPC level including Indemnity payments, if required
- Receive income and other payments from SPCs and in respect of the Fund, distributions of:
    - Dividend
    - Equity Reduction
    - Fund Manager’s Fees
    - Fund’s Expenses

- Disbursement of Funds' capital for the purpose of investment as instructed by the Fund Manager
- Custody of Overseas bank accounts (to the extent that the account is not pledged to and controlled by the Lender/Lending Bank)

No contract concluded with the main Custodian or sub-custodian shall provide for creation of any encumbrance on the assets of the Fund, except for claims of payment of fees and charges to the Custodian or the sub-custodian for acting in such capacities. The contracts shall not contain any provision that would require the payment of fees or expenses to the Custodian or sub-custodian in the form of transfer of ownership of assets belonging to the Fund.

The Custodian or sub-custodian shall exercise due diligence in keeping the assets of the Fund and shall protect the interests of the Fund in every act, and they shall be liable for any loss to the Fund's assets resulting from any omission or wrongful act by them or their respective employees, directors or managers.

The Custodian is under no duty to supervise compliance with the investment objective, policy, investment restrictions, borrowing restrictions or operating guidelines in relation to the Fund.

Fee payable to the Custodian is set out in Section 12.2.5 of this Prospectus.

6.5 – Administrator

National Bank of Oman (NBO) will be the Administrator for the Fund and the Fund will enter into an Administration Agreement with NBO.

The Administrator is responsible for the general administration of the Fund. In particular, the scope of work will include the following:

- Arrange for and administer the issue and reduction of Unit Capital in accordance with the Prospectus and under the supervision of, and in accordance with the instructions of the Fund Manager.
- Keep the accounts of the Fund and the SPCs and prepare the quarterly, semi-annual accounts and the annual accounts of the Fund in English and in Arabic, in accordance with the accounting policies set out in the Prospectus (and advised by the Fund Manager after consulting with the Fund Auditor) and arrange for the annual accounts to be audited within the time periods required by law and otherwise in accordance with the Prospectus. All the financial statements are subject to review of the Fund Auditor. All the information for the accounting and preparation of financial accounts shall be provided by the Fund Manager on a day to day basis.
- Review compliance with investment limits as per Prospectus and communicate to Fund Manager.
- Dispatch to Unit-holders of the Fund and Fund Manager, reports and financial statements within the reasonable time.
- Submit financial statements of the Fund to Capital Market Authority on a periodic basis as required under Prospectus and regulations. The Administrator is not responsible to submit financial statements to any regulators other than in Oman.
- Deal with and reply to all correspondence and other communications addressed to the Fund only relating to the Administrator's functions.
- In the name of, and on behalf of, the Fund determine in accordance with the Prospectus and Article of Association as from time to time required, the NAV of the Fund and the NAV per Unit.
- Make details of the NAV available to Fund Manager and the Capital Market Authority.
- Calculate the fees payable to the Administrator and the Fund Manager.
- Co-ordinate with the Auditors of the Fund in connection with the financial reporting of the Fund.

- At any time during business hours permit the Auditors at the expense of the Fund to audit or inspect any documents or records kept by the Administrator, and make available all such documents and records in its possession to the Auditors during business hours whenever reasonably required to do so and similarly provide all such information, explanations and assistance as the Auditors require within reasonable time.
- Distribute dividends and capital to Unit-holders when the Fund resolves that such distribution shall be made.
- Co-ordinate with the Custodian of the Fund as required from time to time by the Fund Manager
- The responsibilities listed below are excluded from the role of Administrator (and to be undertaken by the Fund Manager):
  - publication of any material relating to Fund such as quarterly financial statements, NAV of the Fund, notices for the meeting etc. in press, media or newspapers
  - secretarial duties
  - communication with the SPCs
  - Submit financial statements to any regulators other than in Oman.

The Administrator is under no duty to supervise compliance with the investment objective, policy, investment restrictions, borrowing restrictions or operating guidelines in relation to the Fund.

Fee payable to the Administrator are set out in Section 12.2.5 of this Prospectus.

6.6 – Auditor

Pricewaterhouse Coopers LLC (PWC), an international auditing and accounting firm, will be the first external auditor of the Fund.

The external auditor of the Fund shall not serve as external auditor of the Investment Manager. The external auditor shall be appointed for one financial year and shall not act as the external auditor for more than four consecutive years and before the expiry of a cooling period of two years after the previous four year term.

Rights and obligation of the external auditors:

1. The auditor shall have the right to access the books of the Fund and request any documents, records, statements or notes to verify the assets and liabilities of the Fund and submit its report to the Fund Management.
2. The auditor shall ensure that the budget and the profit and loss account are in conformity with the books and records of the Fund and that these books and records are kept in accordance with the law and generally accepted accounting principles.
3. Fraud detected or suspected by the auditor shall be reported to the Fund Management. If the fraud is material, the auditor shall report the fraud to the Capital Market Authority.
4. The auditor shall not be permitted to provide non-audit services to the Fund, which might affect the auditor’s independence.

6.7 – Legal Advisor

Curtis, Mallet-Prevost, Colt & Mosle, Llp will be the Legal Advisor to the Fund and provide legal services for establishing the Fund and advising on compliance with the laws and regulations of Oman, reviewing and signing of the Prospectus, drafting the Articles of Association of the Fund and the various service provider agreements.

6.8 – Consultants

The Investment Manager may, if required and as considered appropriate at its sole discretion, engage consultants for providing technical, legal or other advice relating to the Fund, its investments and operations. Examples of such consultants are those providing services relating to inspections, valuation, purchase or sale of aircraft, arranging financing for purchase of aircraft and setting up SPCs in various jurisdictions.

6.9 – Special Purpose Companies (SPC)

The Fund will set up Special Purpose Companies (SPCs) in suitable jurisdiction based on the legal, tax, compliance and other requirements. These SPCs will be wholly owned and managed by the Fund and the Fund will suitably capitalize each SPC. For every aircraft being purchased by the Fund, it will incorporate a separate SPC- thereby each aircraft will be purchased and owned by one SPC. The SPC will borrow from banks to finance the balance fund requirement.

6.10 – Lenders

Each SPC will raise the required debt funding from Lenders for purchasing the aircraft and will enter into required agreements with such Lenders. Such debt funding will be secured against the aircraft being purchased and the associated aircraft lease agreement. In addition, the Fund will be required to provide indemnities/ guarantees for such debt funding. However, in no case will the Investor(s) be required to provide any indemnity or guarantee for such loans to the Lenders.

7 – Fund Management Board

The Fund shall be managed and supervised by a management body (hereinafter referred to as the Fund Management) elected by the general meeting in accordance with the provisions of the Articles of Association. The Fund Management will consist of five (5) members.

The first Fund Management, shall be appointed by the Sponsor provided its term shall not be more than one year from the date of its registration in the Fund's register.

The term of office for the first Fund Management will be one (1) year from the date of the Fund's registration in the Fund's register with the CMA. After one year from the date of the Fund's registration in the funds' register with the CMA, the Fund shall call for election of a new Fund Management in accordance with applicable laws, regulations and the Articles of Association, for a further term not exceeding five (5) years.

Members of the Fund Management are liable before the Unit-holders and the CMA, to supervise and oversee the Investment Manager and other service providers and to safeguard the interests of the Fund and Unit-holders in accordance with the law.

Membership Criteria of Fund Management Board

The members of the Fund Management shall satisfy the following criteria:

1. Having good conduct and sound reputation.
2. Should not have been convicted in any crime or any offences involving a breach of honesty or trust or a crime stipulated in the CMA Law, Commercial Companies Law or the Law of Commerce (RD 55/90) unless rehabilitated.
3. Should not have been declared as bankrupt.

Members of the first Fund Management Board:

The following are the members of the first Fund Management appointed in co-ordination with the Sponsor. The first Fund Management will have a term of one year from the date of its registration in the Fund's register. The first Fund Management may seek re-election in a General Meeting of Unit-holders. It should be noted that the members of the Fund Management do not represent any organization and are acting in their individual capacity.

1. Eng. Abdulaziz Saud Al Raisi- Chairman

Mr. Al Raisi is Chief Officer Management Affairs of Oman Air. He started his career as an Aircraft Maintenance Engineer Trainee in 1984 and held various senior positions with Oman Air and its predecessor Oman Aviation Services including Senior Manager Technical Projects, Senior Manager Base Maintenance and Aircraft Maintenance Engineer. He obtained his Basic Aircraft Maintenance Engineer's Licence from New Zealand. He continued with Ansett of Australia and Singapore Airlines as Aircraft Maintenance Engineer. He also had the experience of working with Lufthansa Technik on secondment at their maintenance base at Frankfurt as part of Line and Base Maintenance Training.

Mr. Al Raisi holds an Aircraft Maintenance Engineer License issued by the Directorate General of Civil Aviation Regulation -Sultanate of Oman, Civil Aviation Authority - New Zealand and Civil Aviation Authority – Australia.

2. Ms. Abeer Al Abduwani - Vice Chairman

Ms. Abeer Mohamed Al Abduwani is ex-Chief Executive Officer of Oman Brunei Investment Company (OBIC). She possesses more than two decades of experience in the Private Equity and the financial sector of Oman. She holds a post-graduate MBA degree from Strathclyde University, UK

3. Mr. Abdullah Al Harthy

Mr. Abdullah Al Harthy is Chief Financial Officer of State General Reserve Fund (SGRF) and leads the finance and investment performance activities. With his role, Al Harthy is also responsible for overseeing the strategic planning, and the information technology. With over 14 years of career with SGRF, Al Harthy occupied several positions in the investment and the business strategy departments. In 2010, he headed the Business Strategy unit which developed the fund's asset allocation framework, built economic research capabilities in addition to managing internal and external portfolio mandates. From 2005, he has engaged in many initiatives which aimed at setting up investment platforms including joint ventures in Vietnam and Brunei. Al Harthy holds a Master of Business Administration (MBA) from IMD Business School, Switzerland and a Bachelor degree in Finance from Sultan Qaboos University in 2001. He is a Chartered Financial Analyst (CFA) since 2004, and a member of the CFA Institute.

4. Dr. Hatem Al-Shanfari

Dr. Hatem Al-Shanfari has diverse experience that spans academia, business, and civil society in Oman. His current responsibilities include the following: faculty member in the Department of Economics and Finance at Sultan Qaboos University, member of the board of governors of the Central Bank of Oman, vice chairman of the board of Omani Economic Association, member of the advisory Council of the management Center at American University in Cairo, chairman of the board of directors of Gulf Investment Services Company (SAOG), chairman of the board of directors of Gulf Baader Capital Markets Company (SAOC), board member of Galfar Engineering & Contracting Company (SAOG), chairman of the board of directors of the First Mazoon Fund, and chairman of the Board directors of Bank Muscat Money Market Fund. Hatem's previous experience included board memberships in the board of Oman Chamber of Commerce and Industry, Al-Omaniya Financial Services Company (SAOG) and Omani Packaging Company (SAOG).

Hatem holds a doctorate in Economics from University of Strathclyde in Glasgow, Scotland. He also has earned an MA in Economic Planning from the Institute of Social Studies at the Hague, the Netherlands, and BSc in Engineering from Washington University in St. Louis, Missouri, USA.

5. Dr. Ahmed Al-Ghassani

Dr. Al-Ghassani is the Dean of the College of Banking and Financial Studies since May 2013. He started his career in 1994 at Dhofar Municipality as Quantity Surveyor and then Civil Engineer. After one year, he became the Head of the Project Accounts and in 1997, he took up the post of an Assistant Lecturer at Salalah College of Technology. After completing his PhD, he served as the Assistant Dean for Academic Affairs at Al-Musana College of Technology. In 2005, he was appointed as the Dean of Nizwa College of Technology and later in 2010, he was the Dean of the Higher College of Technology in Muscat until April 2013. Dr Ahmed Al-Ghassani obtained his PhD in Construction Management in 2003 from Loughborough University, after receiving a scholarship from the UK EPSRC Research Council. He obtained his MSc in Structural Engineering in 1999 from the University of Manchester Institute of Science and Technology (UMIST) in the UK. He earned his Bachelor's Degree in Civil Engineering from Sultan Qaboos University in 1993.

Dr Ahmed Al-Ghassani was the Chair of the Board of Trustees of Oman Tourism College. He also participated in several committees at the national and international levels and participated in conducting several UNESCO Educational projects. He is also a member of the American Society of Civil Engineers and Oman Society of Engineers. His interests are in Strategic Planning, Knowledge Management, Capacity Building and Human Resource Development.

Powers and Duties of the Fund Management

The Fund Management shall carry out oversight and supervision of the Fund's business and shall undertake the following:

1. Approval of each investment or its disposal, before any such decision could be executed by the Investment Manager.
2. Evaluation of the Fund's investment performance compared to similar funds or any other benchmark taking into account investment objectives of the Fund.
3. Ensure the Fund's compliance with the Prospectus, Articles of Association and statutory requirements.
4. Evaluation of the performance of the Investment Manager and other service providers.
5. Ensure adequacy of the Fund's systems to safeguard its assets and ensuring that adequate accounting controls are in place.
6. Ensure the Investment Manager's system and controls are adequate to ensure compliance with the interests of the Fund and Unit-holders.
7. Avoidance of conflicts of interest and ensuring that adequate measures are in place to resolve any conflict of interest in the best interest of the Fund and Unit-holders.
8. Ensure segregation of function when one company is acting as provider of more than one service to the Fund.
9. Approve the transactions with related parties and disclose the same.
10. Approve the annual report, financial statements and other information to be disclosed to the public and Unit-holders to ensure that disclosure is fair, timely, transparent and not misleading.
11. Appointment and removal of service providers and determining their fees.
12. Take resolutions pertaining to distribution of dividends.
13. The Fund Management has the power to engage external advisors to assist them in the discharge of their duties. The fees and charges payable to external advisors of the Fund will be as determined by the Fund Management from time to time in accordance with the internal regulations.

Fund Management Meeting - Proceedings

1. The Chairman may convene the meeting of the Fund Management at any time, provided that these meetings are held at least four times per year with a maximum time gap of four months between any two consecutive meetings. The Chairman must also call the Fund Management for a meeting at the request of two (2) or more members. If the Chairman is unable or unwilling to convene a meeting when so requested, the meeting may be convened by any two (2) members of the Fund Management.
2. The quorum for a meeting of the Fund Management shall not be less than two third of the total strength.

3. The members shall not take part in discussions and/or voting on matters if he or his spouse or relatives up to second degree have interest.
4. Questions arising at any meetings shall be decided by a majority vote of those members of the Fund Management present and in event of a tie vote, the Chairman shall have the casting vote
5. Objection by a member to any resolution shall be recorded in the minutes of the meeting.
6. The Fund Management shall elect from amongst its members a Chairman and a Deputy Chairman.
7. All decision taken by the Fund Management will be recorded and will take the form of resolutions.

Appointment of Members

Where any member's position falls vacant prior to the end of the term, the other members may co-opt a member as replacement until the end of the term but the total number of the members shall not at any time exceed five (5) members.

Vacation of Office

The office of a member shall be vacated if:

1. he or she resigns his or her office by written notice,
2. he or she has absented himself or herself such absence not being pre informed absence with leave for meetings of the Fund Management for a consecutive period of twelve months,
3. he or she becomes of unsound mind or is incapable of taking decisions,
4. he or she becomes insolvent or suspends payment to his or her creditors,
5. the board of directors of the CMA issues a resolution to dismiss the Member.

Transactions with Related Party

Transactions with related parties must be approved by the Fund Management and disclosed to and approved by Unit-holders as required according to the applicable laws and regulations in force from time to time and the Articles of Association.

Remuneration of Members

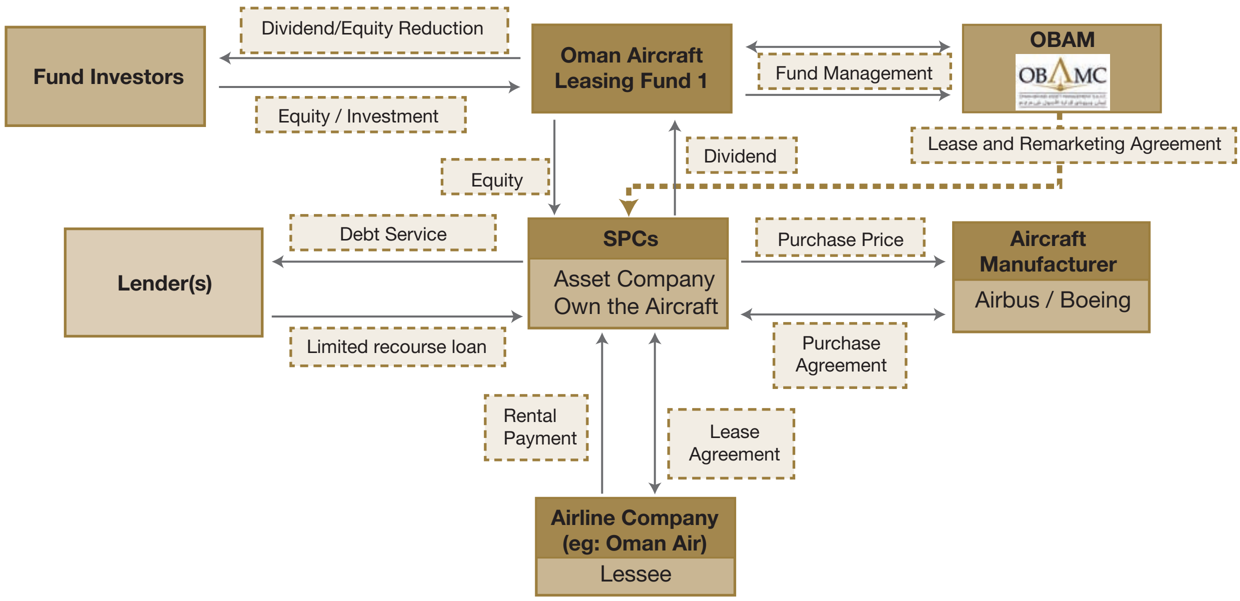
Members of the Fund Management shall be entitled to the reimbursement of expenses properly and reasonably incurred by them in the execution of their duties subject to the approval of the Fund Management. Members will also be entitled to sitting fees for their attendance at any meeting of the Fund Management, with the amount of such fees to be set by the general meeting on a yearly basis in accordance with market practice and provisions of law.

Sitting Fees, Remuneration & Expenses

Each member of the Fund Management shall be entitled to a sitting fee of RO 400/- per meeting. In addition, subject to the approval of the general meeting on a yearly basis, each member may receive an annual remuneration. Total amount for sitting fee and remuneration shall not be more than RO 6,000 for each member per annum.

The total amount under the head of 'sitting fee', 'Remuneration' and 'out of pocket expenses' for the Fund Management, however, shall not exceed RO 30,000 per annum, subject to the approval of the general meeting.

8 – Fund Structure



8.1 – General Transaction structure

Please refer to the structure chart above. Please be aware that some aspects of the following overviews are expanded upon elsewhere in this Prospectus.

The Fund will identify Airlines that are seeking to acquire Aircraft (particularly those airlines who have placed aircraft orders with the manufacturers) and negotiate with these Airlines to provide the Aircraft on a leasing basis. The Fund envisages the purchase and lease of a total of 7 Aircraft and its financial forecast has been prepared on this basis. One of the airlines which the Investment Manager has identified is Oman Air. The Initial Investors have already completed the acquisition and lease of four Boeing B737-900ER aircraft to Oman Air and the fifth aircraft (Boeing 737-900ER) has been acquired under OBAM during November 2015. As per the Framework Agreement between the Fund (under formation), the Sponsor, the Initial Investors and OBAM, once the Fund is formed, the Fund will acquire full ownership of the existing SPCs in the manner described in Chapter 3.

The Investment Manager believes that the Fund is well positioned to complete further transactions with Oman Air (subject to a competitive bidding process) and also expects to identify and pursue leasing opportunities with other top-tier airlines in the GCC and globally and to acquire and lease suitable aircraft to them on terms similar to that assumed for the purposes of the financial forecasts.

The Fund will purchase shares in each SPC (the Aircraft Owner), thereby providing the SPC with cash, and the SPC (as Aircraft Owner) will borrow the balance of the purchase price from the lender by way of limited recourse commercial loan facilities. The loan facilities will be repaid on annuity profiles to a balloon repayment at the end of their respective terms. As is customary for transactions of this type, the SPC will grant a variety of forms of security to the Lender as security for the payment of the loan facilities, including a first priority mortgage over the Aircraft, pledge of the shares of the SPC, assignment of the rental, security deposits (if any) and insurances. In the event that the Aircraft is sold, the loan facility must be repaid in full in priority over the distribution of equity to the Investors. In addition, as is customary for such transactions, the Fund will provide an indemnity (to replace the indemnity provided by OBIC) to the banks (senior lenders: DVB and ABC) that have provided the loans for part financing the 5 Boeing 737-900ER Aircraft described above - it is anticipated that similar indemnities will be required in respect of the financing facilities to be availed for all the other Aircraft. The indemnities are of a contingent nature and include, amongst other things, the right to cure lessee defaults and to service debt in the event of an early lease termination, to pay swap breakage costs, increased costs imposed in the financial markets, any taxes imposed on the financing facility. Under the indemnity, the provider (which is the Fund) is required to maintain the corporate standing of the borrower (the concerned SPCs) and procuring its compliance with the special purpose undertakings.

The rental paid by the Lessee will be paid into an account owned by the SPC and the funds will be used to service debt (principal repayment and interest) and surplus amounts (net of SPC operating expenses including fees to the Aircraft Lease Manager) will be passed on to the Fund and distributed to the Investors by way of dividend after deduction of Fund operating expenses, management and other fees to the Investment Manager.

9 – Investment /Exit Process and Investment Controls

The Investment Management Process

The Investment Manager will act for the Fund in identifying, transacting, managing and realizing suitable investments. To assist it in the performance of its duties and responsibilities to the Fund, the Investment Manager will appoint third party service providers to a) provide technical due diligence and aircraft inspections (the "Technical Advisor"), and b) perform administration services and fund accounting services. This is intended to maximize the Fund's ability to make high quality investments and manage and realise them to their full potential for Unit-holders.

The Investment Manager will follow a four-step investment process in order to implement the investment strategy of the Fund. This process begins with the identification of an investment opportunity through a broad origination network. Following a rigorous transaction evaluation and preliminary technical due diligence process, approval of an investment by the Fund Management will result in the investment's acquisition and ultimately conclude with the realisation of the investment. Outlined below is a summary of the investment origination, acquisition, monitoring and realisation process underpinning the Investment Manager's activities:

Transaction origination and evaluation

The Investment Manager's team has a significant network of aviation industry contacts which they will utilise to source investment opportunities and also identify potential buyers to liquidate assets. These contacts include key decision makers and senior personnel at airlines, leasing companies, airframe manufacturers, institutional investors, banks, hedge funds, brokers and lawyers. The Investment Manager expects the major sources of investment opportunity will come from the following groups of industry players:

- Airlines: seeking to finance & manage the residual risk of new deliveries or to monetise existing assets through sale-leaseback transactions.
- Operating lessors: seeking to trade assets for profit, cash release or to manage airline exposure.
- Non-bank investors: funds and other investors seeking to reduce positions or realise cash for reinvestment.
- Airframe manufacturers: seeking to satisfy customer finance commitments and new delivery finance requirements, or to sell down leasing commitments or exposures arising from back-stop financing arrangements.

The following broad investment guidelines will apply to the acquisition, funding, lease and disposition of assets.

Criteria	Investment Guidelines and Investment Restrictions
Aircraft	Passenger and freighter aircraft manufactured by Airbus, ATR, Boeing, Bombardier and Embraer
Age limitations	Maximum age at time investment: • Passenger aircraft – 5 years • Freighter aircraft – 10 years Age at Lease Maturity: no specific limit on age at maturity but the impact on exit options will be taken into account.
Credit Restrictions	No lease will be granted to any airline which does not qualify for Investment Grade credit rating. Investment Grade rating means credit rating of "Baa3" or higher based on Moody's long term credit classification, "BBB-" or higher based on S&P or Fitch long term credit classification or "B" or higher based on OBAM credit classification.

Criteria	Investment Guidelines and Investment Restrictions
Geographic Diversification	No more than 35% of the Fund size will be invested in any single country (applicable after all investments are made). This restriction does not apply for aircraft leased into airlines headquartered in the Sultanate of Oman, Qatar or the United Arab Emirates
Operations Restrictions	No lease will be granted to any airline headquartered, or having a principal base of operations, in a Prohibited Country. A Prohibited Country means any country to which the export and/or use of the Aircraft or any Item of Equipment is not permitted under any sanctions, statute or legislation from time to time promulgated by any of the United Nations, the United States of America, the European Union, or the Sultanate of Oman.
Target Returns	The Fund will target an annual cash yield of 7.5% (net of all fees and expenses but excluding Performance Fee) and target an Overall Return (Internal Rate of Return) to Unit-holders of about 8.0% p.a. without considering the performance fee.
Asset Diversification & Exposure Limitation	The Investment Manager will use its reasonable endeavours to ensure that after all the envisaged Aircraft are acquired: a) the aggregate acquisition cost to the Fund of each investment and b) the aggregate acquisition cost of leases entered into with any single lessee, do not, in either case, exceed 20% of Fund size (except in the case of Oman Air, Etihad Airways, Emirates Airlines, FlyDubai and/or Qatar Airways, where there is no such restriction); the aggregate Acquisition Cost to the Fund of all investments in aircraft manufactured by ATR, Bombardier and Embraer does not exceed 20% (cumulative) of Fund size
Airline	A comprehensive rating methodology will be used by the Fund Manager/Lease Manager to evaluate the airline's credit risk and its capacity to maintain timely payment of lease rentals. The rating methodology evaluates the risk factors into two major categories; 1. Business Risk: Country risk and macroeconomic factors, Industry risk characteristics, airline's market position, etc. 2. Financial Risk: Cash flow adequacy, Airline's capital structure, profitability, liquidity, sources of funding etc. The Aircraft Lease Manager will review and evaluate the airline's credit risk on annual basis.
Security	SPC's of the Fund will own the Aviation Assets and will have recourse to the lessee for contracted cashflow during the lease term. The Lender will have a first priority mortgage over the aircraft, assignment of the lease and associated cashflow, pledge of the SPC equity held by the Fund as well as indemnity from the Fund.
Country of Aircraft Registration	Aircraft should be registered in countries which have signed the Geneva Convention and / or the Cape Town Convention. If not the case, then a specific legal opinion issued by a reputable legal firm will have to be obtained opining on either or both the Mortgagee's rights and /or ownership rights and confirming that those rights are protected and can be enforceable within an acceptable time frame. No investment will be made in any aircraft registered in a Prohibited Country at any time that the investment is made.

Criteria	Investment Guidelines and Investment Restrictions
Airworthiness Certificate	All aircraft to have an Airworthiness certificate in place.
Insurance	Aircraft to be insured / reinsured by the lessee with first class underwriters for hull, war risks and third party liability.
Lease Agreement with Airline	The Leases will be a standard net operating lease whereby the Airline will be responsible for all costs, liabilities and taxes arising from the operation, (maintenance, insurance, airworthiness, crewing, fuelling, regulatory compliance with regulations, airworthiness, etc.) of the Aircraft during the lease term. The Lease will also set out the minimum physical condition in which the Aircraft will be returned and the deposits / guarantees held by the Lessor to ensure this, if any.
Aircraft Valuation	The Fund and its advisors will utilize the valuation services of one or more of a panel of aircraft valuation companies for the purposes of evaluating acquisition prices and projecting investment returns.
Interest Rate Hedging	The Fund and its SPCs will not enter into hedging arrangements except to mitigate interest rate risk associated with the investments made by it.
Changes to Investment Guidelines and Restrictions	No changes to the Investment Guidelines and Restrictions will be made by the Investment Manager without the prior approval of the Fund Management.

In accordance with the Investment Guidelines and the Investment Restrictions, the Fund will invest in the following types of aircraft only:

Airbus	ATR	Boeing	Bombardier	Embraer
A320-200	72-600	B737-800	CRJ700 NextGen	E175
A321-200		B737-900ER	CRJ900 NextGen	E190
A320NEO		B777-300ER	CRJ1000 NextGen	
A330-200		B787-8	Q Series	
A330-200F		B787-9	C Series	
A330-300				

Upon sourcing and identifying an investment opportunity, the Investment Manager will undertake a preliminary in-house evaluation that will confirm whether there is merit in pursuing the opportunity further. If yes, in the first stage the Investment Manager may provide the vendor or lessor, as appropriate, with indicative non-binding terms that, if received positively, may lead to the preparation of a formal proposal or letter of intent that will be subject to contract and Fund Management approval. Before a formal proposal is submitted to the vendor or lessor the Investment Manager will undertake a comprehensive due diligence process relevant to aircraft leasing in order to analyse the risk characteristics and economics of the opportunity and to decide the final offering terms. Such a due-diligence will cover the following areas apart from other relevant factors:

- **Asset evaluation:** current condition and value, forecast condition and residual value, maintenance status of aircraft, expected costs of ownership, lease review, lessee evaluation, review of existing or anticipated lease economics.
- **Financing and deal structure:** procurement and evaluation of debt financing available in the market, detailed financial modelling and sensitivity analysis to develop a range of return expectations based on holding period and exit strategy, evaluation of the most tax-efficient structural options and evaluation of the most suitable legal structure.

- **Realisation options:** evaluation of likely realisation options and development of a strategy for exiting the investment.

Preparation of the formal proposal or letter of intent will require the Investment Manager to engage the services of external consultants such as technical experts, legal advisor, etc., and the related costs will be borne by the Fund.

If the vendor or airline accepts the proposal the Investment Manager will proceed with preparing a full investment recommendation and present it to the Fund Management for final approval of the proposed transaction. Each investment made will be at the sole discretion of the Fund Management which has to approve it before an investment can be made.

Transaction closing

After the decision has been made to proceed with the transaction, the Investment Manager will coordinate and manage the entire transaction closing process. The successful closing of a transaction involves several legal steps and external legal counsel will be appointed to ensure that the transaction is properly documented and provides the maximum possible protection to the Fund. Also, the Investment Manager, through the Technical Advisor, will physically inspect the Assets at this stage to ensure they meet the description provided by the seller. Typically, the transaction closing process will involve:

- Complete technical due diligence and physical inspection of the Asset and maintenance records.
- Assessing adequacy of the various forms of insurance provided by the lessee (Airline).
- Review and negotiation of purchase agreements covering acquisition of the aircraft.
- Review of any existing lease agreements and related documentation or negotiation and closing of a new operating lease agreement or lease novation agreements as appropriate.
- Negotiation and execution of loan agreements, security agreements, assignments, corporate documents and other binding documents required in connection with the debt financing.
- Funding of transaction and transfer of title to the new owner.

Post Investment - Lease Management

Transaction & Lease management

After each transaction is closed, the Investment Manager will, acting under a Lease Management Agreement for each SPC established to hold the Fund's Assets, actively manage each individual asset with the assistance of the Technical Advisor, where required. It will also review the Fund's investments on a regular basis to ensure they are in compliance with the Fund's investment guidelines. Furthermore, it will manage the non-recourse loans attached to each Asset and, if beneficial, re-optimise the financing to improve the economics of the investment.

The Investment Manager believes it is vitally important to maintain a proactive approach to the ongoing management of the transaction. Proactive asset management is important to ensure that the Assets are not compromised in any way and held in optimal physical and financial condition to increase the chances of a rapid and profitable realisation.

Also, active management of lease conditions during the term of the lease is critical to mitigate the potential delay and/or expenditures associated with remarketing of the aircraft. Lease management covers many areas of expertise, including operator reviews, economic and financial analysis of leases, lease management, technical management and analysis, legal support, lease advisory, repossession and remarketing.

A significant part of lease management involves analysing the asset's real value going forward taking into account other costs and income. The Aircraft Lease Manager will be responsible for a number of important functions during the investment period for each asset, including:

(i) Monitoring the leases and insurance coverage.

(ii) Maintaining the lease records.

(iii) Monitoring the hours and cycles flown by the aircraft.

(iv) Reviewing maintenance undertaken on the aircraft and engines.

(v) Monitoring compliance with lease covenants, airworthiness directives and service bulletins.

(vi) Tracking of deferred maintenance items.

(vii) Evaluating the effect of any significant changes to the airline's maintenance program.

(viii) Tracking the renewal of insurance coverage.

(ix) Reviewing relevant ongoing technical information.

(x) Collecting lease and other payments.

(xi) Reviewing aircraft operational and maintenance records.

(xii) Repositioning or remarketing the aircraft in the event of a scheduled or early lease termination.

(xiii) Quarterly reporting on the status of the asset to the Investment Manager.

(xiv) Physical inspections, either pre-purchase, periodically during the lease or on re-delivery.

(xv) Re-marketing of the aircraft for re-lease or sale.

(xvi) Independent advice on technical matters during the lease term.

Post Investment - Exit Options

Investment exit options

It is the Investment Manager's intention that each investment, or the portfolio in aggregate, will ultimately be realised through a sale to private and / or public buyer(s) or a securitization. Before any investment is made, the Investment Manager will consider the most likely method for realising the investment. Post investment, each asset will be continuously monitored and any offers to purchase the asset(s) will be reviewed by the Investment Manager if an acceptable return can be realised. To do this, the Investment Manager will monitor the private and public markets, analyse the expected return of each realisation option for the Fund and update the Fund Management on a regular basis with realisation options or the progress of a realisation.

The Fund's projected returns are based upon the disposition of each asset at the maturity of the lease agreement related to that asset. Nevertheless, in practice, the Investment Manager intends to pursue several realisation options in order to maximise returns for the Fund and will consider one or more of the following methods:

(i) Sale to a financial buyer (institutional buyer, bank or fund investor).

(ii) Sale to an operating lessor.

(iii) Sale to the underlying lessee.

(iv) Sale to a new airline.

(v) Securitisation of the portfolio of Assets.

The Re-marketing functions will include the following:

- Establish a re-marketing programme for the Aircraft and agree such programme with the Aircraft owner setting out milestones and timescales.
- Actively re-market the Aircraft for re-lease or sale on behalf of the Aircraft owner.
- Provide an analysis to the Aircraft owner of each proposal received from a prospective lessee for the re-lease or purchaser for the purchase of the Aircraft and include any relevant industry information tailored to such proposal.
- Coordinate with legal advisors appointed by the Aircraft owner to represent the owner in relation to any such re-leasing or sale.
- Continuous monitoring and development of redeployment/disposition strategies and proactively identify opportunities well before the lease expires to choose the best redeployment solution, whether it is extending an existing lease, releasing in its existing configuration or sale.

The Investment Manager's team has experience in each of these methods and are in contact with buyers and sellers in the market on a regular basis. Based on previous industry experience and knowledge, the Investment Manager is therefore confident that it should be possible to realise the Fund's assets either individually or as a portfolio. The recommendation and approval process for the disposition of any asset will follow the same steps and be subject to the same requirements, as set out above for the acquisition of the assets. The Investment Manager will obtain the prior approval of the Fund Management before implementing any exit option.

10 – Exit Strategy

10.1 – Interplay of financing and Residual Value of the Aircraft

To optimise investor returns, each SPC will take a financing facility that partially amortises to a balloon repayment (amount depending on particular aircraft) upon expiry of the relevant loan term. The projected return from the investment in the Units is therefore dependent on the residual value of the Aircraft realised at the eventual exit strategy adopted by the SPC and the Fund in conjunction with the Re-marketing Agent.

10.2 – Exit Strategies

The Fund benefits from the appointment of experienced industry professionals as its Re-marketing Agent (presently the Investment Manager) who will, pursuant to the Re-marketing Agreement, begin to remarket the Aircraft at least 1 year prior to the expiry of the lease with the airline. Several exit strategies are available including resale at lease end, as assumed in the Fund's financial model, re-lease to the airline, lease to another airline, or sale during the lease term to another investor.

10.2.1 – Aircraft Market

B737-800

As of Q3 -2015. there are 4,715 Boeing 737-800 aircraft in service / on order with airline operators, including 1,628 aircraft with 61 carriers in Asia-Pacific, 1,402 aircraft with 54 carriers in Europe, 802 aircraft with 12 carriers in North America, 277 aircraft with five carriers in Latin America and the Caribbean, 161 aircraft with 20 carriers in Africa, 124 aircraft with five carriers in Middle East and 321 aircraft on order with undisclosed customers.High levels of leasing activity with over 53% of the fleet on operating lease. The type is expected to remain the most liquid narrow-body (single-aisle) well into the future due to the size of the current fleet, backlog, and its success with both lessors and a broad range of operators in terms of type of operator and geographical location.

B737-900ER

As of Q3-2015, there are 551 Boeing 737-900/900ER aircraft in-service / on order with airline operators, including 319 aircraft with three carriers in North America, 181 aircraft with 11 carriers in Asia-Pacific, 32 aircraft with five carriers in Europe,13 aircraft with two carriers in the Middle East and six aircraft on order with undisclosed customers.. Major target of the B737-900ER is as a replacement for the Boeing B757, a single-aisle twin-engined short-to-medium range aircraft that ceased production in 2005 after a successful sales run of 1,050 units.

Both the B737-800 and B737-900 will face competition from the new B737MAX8 & MAX9 respectively that are being sold by Boeing and scheduled to commence delivery in 2017, benefitting from new higher fuel efficient Leap engines, improved payload/range and better operating economics. However, due to the number of B737-800 and B737-900ER in service and on order it will take some years before the current generation aircraft to be replaced by the MAX versions in any significant numbers until well into the 2020's. Currently there are 551 Boeing 737-900/900ER aircraft in-service / on order with airline operators, including 319 aircraft with three carriers in North America, 181 aircraft with 11 carriers in Asia-Pacific, 32 aircraft with five carriers in Europe, 13 aircraft with two carriers in the Middle East and six aircraft on order with undisclosed customers.

B777-300ER

Currently there are 776 Boeing 777-300ER aircraft in-service / on order with airline operators, including 308 aircraft with 19 carriers in Asia-Pacific, 241 aircraft with five carriers in the Middle East, 128 aircraft with six carriers in Europe, 49 aircraft with three carriers in North America, 23 aircraft with five carriers in Africa, ten aircraft with TAM Linhas Aereas in Latin America and the Caribbean and 17 aircraft on order with undisclosed customers. (i.e. on order by undisclosed customers). High levels of leasing activity with over 30% of the fleet on operating lease. The type is bestselling wide-body variant and has become the core long-haul worldwide. 777 -300ER continue to be an ideal replacement aircraft for the 747-400. The aircraft is popular with lessors and financiers with market leading value retention and high purchase values.

B787

As of Q3-2015, there are 979 Boeing 787 aircraft in service / on order with airline operators, including 338 aircraft with 22 carriers in Asia-Pacific, 185 aircraft with 16 carriers in Europe, 152 aircraft with four carriers in North America, 152 aircraft with seven carriers in the Middle East, 63 aircraft with three carriers in Latin America and the Caribbean, 42 aircraft with five carriers in Africa and 47 aircraft on order with undisclosed customers. (i.e. on order by undisclosed customers). Due to the aircraft's economic performance, it is expected to replace a large number of 767-300ER and A330-200s. Once the reliability issues have been resolved, 787 will likely become the benchmark product in small wide-body sector. The production has been ramped up to 10 aircraft /month. Boeing has announced the incremental increases in the production rate to reach to 12 aircraft/month in 2016 and 14 aircraft/month by 2020.

Airbus A320

As of Q3-2015, there are 4,295 Airbus A320-200ceo aircraft in service / on order with airline operators, including 1,605 aircraft with 84 carriers in Asia-Pacific, 1,209 aircraft with 71 carriers in Europe, 534 aircraft with 10 carriers in North America,381 aircraft with 21 carriers in Latin America and the Caribbean, 314 aircraft with 27 carriers in the Middle East, 103 aircraft with 22 carriers in Africa and 149 aircraft on order with undisclosed customers (i.e. on order by undisclosed customers). Market Values and Lease Rates have been stable since the Q1 2015 changes. They are still below its main competitor, the Boeing 737-800.Type remains popular with operating lessors, with more than half the fleet now managed through this sector, indicating continued future liquidity and supporting market values. However, this can also be negative since heavy competition among lessors has put downward pressure on lease rates.

The A320 will continue to be one of the most marketable aircraft, drawing on the large customer base and commonality within the A320 family. Production rate for A320 family is 42 aircraft/month and Airbus announced its plan to increase the production to 50 aircraft/ month in Q1-2017.

There are over 3,000 firm orders booked for re-engined A320neo (new engine option), and 3,850 for the neo family. Deliveries of A320neo scheduled to commence in Q4-2015 and production expected to be switched to all-neo variants by 2018. With a very large fleet size of the current generation, it will be the mid-2020s before the neo becomes the majority of the A320 fleet. This suggest that the current generation may not suffer much of the "last of the line" effect" as early as has been observed in the past.

Airbus A330-300

As of Q3 – 2015, there are 668 Airbus A330-300 aircraft in-service / on order with airline operators, including 391 aircraft with 29 carriers in Asia-Pacific, 145 aircraft with 20 carriers in Europe, 69 aircraft with six carriers in the Middle East, 52 aircraft with four carriers in North America, six aircraft with two carriers in Africa and five aircraft with two carriers in Latin America and the Caribbean..

The A330-300 is proving to be a very efficient aircraft for medium to long-haul routes. Current production A330-300HGWs remain one of the most liquid assets in the wide-body category; it is popular in the 300-seat medium/long-haul range market and complements the newer types like the B787. The aircraft is considered to be ideal for high-capacity intra-Asian routes, one of the strongest growth markets. On the other hand, In July 2014 Airbus launched the A330NEO that will replace the A330-200 and -300 on the production line by Q4 2019, with first deliveries expected Q4 2017. The A330-300 will also face competition from the newer generation B787-9, B787-10 and the A350-900, although they are primarily targeted at longer-range markets,.

Airbus A350

As of Q3 -2015, there are 733 Airbus A350 aircraft in service / on order with airline operators, including 261 aircraft with 11 carriers in Asia-Pacific, 162 aircraft with four carriers in the Middle East, 146 aircraft with nine carriers in Europe, 82 aircraft with three carriers in North America, 48 aircraft with four carriers in Latin America and the Caribbean and 34 aircraft with four carriers in Africa.

It is predicted that the market size of A350 aircraft will reach to at least 5,300 aircraft over next 20 years. A350-900 is expected to be the most popular variant. The first aircraft was delivered in December 2014 to Qatar Airways and the more than 30 airlines have placed orders for delivery of the aircraft including many of the leading carriers such as United, British Airways, Singapore Airlines, Air France-KLM, JAL, Lufthansa, Cathy, Asiana, Qatar and Etihad. The lessors have also placed orders for the aircraft led by Air Lease, AerCap and CIT Aerospace.

The number of aircraft available for sale or lease significantly impacts both residual value and resale prospects. A surplus of supply over demand will depress prices and make resale more difficult. Furthermore, the industry is cyclical and, as such, it is not possible to estimate with certainty the marker conditions when the Aircraft come off lease from the airline.

It is possible that, during the lease term, the Re-marketing Agent may identify an opportunity to sell the Aircraft (subject to the lease) to another investor for a price considered attractive, enabling the Fund to repay the financing facility and return equity with upside to the Investors. It is recognized however that the primary interest of the Investor is to receive a regular cash yield, so this exit option will only be considered for portfolio and risk management reasons and/or if the Re-marketing Agent is of the opinion that the proposed sale price is particularly beneficial.

10.2.2 – Resale Market

Potential buyers include other airlines directly and also investors who plan to re-lease or resell to other airlines. At the end of the lease, the Aircraft owned by the Fund will be only part way through their economic lives, so representing attractive candidates for airlines and other operators wishing to expand their fleets, use higher seating capacity aircraft, or to replace older aircraft.

10.2.3 – Re-Lease to the Airline

Subject to negotiation, the Airline may want to continue operating the Aircraft and extend the lease at or before lease expiry. This will depend upon, amongst other factors, the Airline's capacity requirements at the time, other Aircraft available to them (including new aircraft still to be ordered by the Airline), and market lease rates at the time.

10.2.4 – Lease to another airline

An alternative exit strategy is to lease the Aircraft to another airline. For airlines, the leasing in of pre-used aircraft from leasing companies for 3-7 years is a common practice, particularly for young or start-up carriers where buying or leasing in new aircraft is too costly. For well-established airlines entering new markets, or increasing frequencies on new routes, leasing used aircraft can represent a sensible strategy from a cost and availability perspective as an alternative to ordering new aircraft with long lead-times and high capital costs.

11 – Assets – Acquisition and Lease

11.1 – Aircraft

As per the business plan prepared by the Fund in consultation with the Investment Manager, the Fund is committed/ expected to acquire and lease the following aircraft ("Aircraft").

Aircraft	Aircraft Condition	Seller	Purchase/ Delivery Date	Lease to Airline
Boeing 737 -900 ER	New	Boeing	November 2014 (actual)	Oman Air (completed)
Boeing 737 -900 ER	New	Boeing	March, 2015 (actual)	Oman Air (completed)
Boeing 737 -900ER	New	Boeing	May, 2015 (actual)	Oman Air (completed)
Boeing 737 -900ER	New	Boeing	May, 2015 (actual)	Oman Air (completed)
Boeing 737 -900ER	New	Boeing	November, 2015	Oman Air (completed)
Airbus A330	New *	Airbus	March 2016*	to be finalised
Boeing 787-8	New *	Boeing *	June , 2016 *	to be finalised

** as assumed for purpose of financial projections*

Ownership of Aircraft

Aircraft	Owner (Name of the SPC)	Jurisdiction of Incorporation	Current Effective Owner
Boeing 737 -900 ER	OBIC Leasing 1 Ltd.	Isle of Man	OBIC/ Eagle Properties (No.19) Ltd. (a subsidiary of SGRF) / Blue Door Investment Services LLC (50% / 37.5% / 12.5%)
Boeing 737 -900 ER	OBIC Leasing 2 Ltd.	Isle of Man	OBIC/ Eagle Properties (No.19) Ltd. (a subsidiary of SGRF) /Blue Door Investment Services LLC (50% / 37.5% / 12.5%)
Boeing 737 -900 ER	OBIC Leasing 3 Ltd.	Isle of Man	OBIC (100%)
Boeing 737 -900 ER	OBIC Leasing 4 Ltd.	Isle of Man	OBIC (100%)
Boeing 737 -900 ER	OBIC Leasing 5 Ltd.	Isle of Man	OBAM (100%)
Airbus A330	To be decided	To be decided	Fund (proposed)
Boeing 787-8	To be decided	To be decided	Fund (proposed)

In respect of OBIC Leasing 1 Ltd., OBIC Leasing 2 Ltd., OBIC Leasing 3 Ltd, OBIC Leasing 4 Ltd and OBIC Leasing 5 Ltd., the effective owners (mentioned in the table above) have till date invested the following amounts in the equity capital of these five SPCs.
OBIC Leasing 1 Ltd: US$ 20.55 million (RO 7.91 million)
OBIC Leasing 2 Ltd: US$ 21.30 million (RO 8.20 million)
OBIC Leasing 3 Ltd: US$ 21.04 million (RO 8.09million)
OBIC Leasing 4 Ltd: US$ 21.58 million (RO 8.30 million)
OBIC Leasing 5 Ltd: US$ 21.06 million (RO 8.10 million)

As of November 2015.

Upon incorporation of the Fund, the Fund will acquire ownership of these SPCs by purchasing their entire equity capital from the owners in a manner described under Chapter 3 of this Prospectus.

11.2 – Lease

The Fund has committed/ proposes to lease the Aircraft to the Airline from the Lease Start Date to the end of the Aircraft Lease Agreement for each aircraft;

Aircraft	Airline	Lease Start Date	End of Aircraft Lease Agreement	Lease Period
Boeing 737 -900 ER	Oman Air	November, 2014	October, 2024	10 years
Boeing 737 -900 ER	Oman Air	March, 2015	March, 2025	10 years
Boeing 737 -900 ER	Oman Air	May, 2015	May,2025	10 years
Boeing 737 -900 ER	Oman Air	May, 2015	May, 2025	10 years
Boeing 737 -900 ER	Oman Air	November, 2015	November, 2025	10 years
Airbus A330	to be finalised	March 2016*	March 2028 *	12 years *
Boeing 787-8	to be finalised	June, 2016 *	June, 2028 *	12 years *

** as assumed for purpose of financial projections*

12 – Financial Information

12.1 – Introduction

The Fund will use the proceeds from the subscription of Units to pay the manufacturers for the purchase of the Aircraft, costs associated with Aircraft technical inspection, setting up the SPCs and the expenses in relation to documentation of lease and loan agreements. In respect of Aircraft already acquired by the SPCs (in anticipation of the Fund), the Fund is going to acquire full ownership of the existing SPCs in the manner described in Chapter 3.

12.2 – Agreements affecting periodic distributions

The principal agreements entered into by the SPCs and the Fund affecting the financial affairs of the Fund, in the period from the date of Aircraft acquisition to the end of the Fund term are:

- the Aircraft purchase agreement
- the Debt Financing Agreements
- the Aircraft Lease Agreements (subject to award by Oman Air or other Airline);
- Framework Agreement between the Fund (under formation), the Sponsor, the Initial Investors and OBAM; and
- Investment Management Agreement and other agreements relating to service providers to the Fund.

In addition to the above, the Omani and International Tax Law will also impact the Fund.

12.2.1 – Aircraft Purchase

The Fund has committed/ expected to acquire the following Aircraft as per its business plan.

Aircraft	Manufacturer/ Supplier	Condition	Delivery Date	Aircraft Purchase Price (RO million)*	SPC Equity Funding (RO million)
737-900ER #	Boeing	New	12 November 14	19.56	7.91
737-900ER #	Boeing	New	16 March 15	19.98	8.20
737-900ER #	Boeing	New	20 May 15	20.05	8.09
737-900ER #	Boeing	New	27 May 15	20.06	8.30
737-900ER #	Boeing	New	02 November 15	19.89	8.10
A330	Airbus	New	31 March 16	49.98	19.75
787-8	Boeing	New	30 June 16	49.22	18.98
Total				**198.74**	**79.33**

** excluding acquisition costs and expenses.*

 # These five Aircraft have already been purchased and leased by the SPCs. Fund is going to acquire full ownership of the existing SPCs in the manner described in Chapter 3.

The existing 5 aircraft were initially ordered by Oman Air but, through a sale and leaseback arrangement (a common transaction in the airline industry), the SPC's acquired the aircraft directly from the manufacturer and simultaneously placed them on lease to the airline

Under a sale-leaseback arrangement, the aircraft owner sells the aircraft to the lender or lessor who then immediately leases the aircraft back to the original owner.. As the airline that will be taking the aircraft on lease is normally involved in the purchase negotiation, this provides comfort that the purchase price is competitive and also minimizes the risk of subsequent disputes or non-acceptance of the aircraft by the airline once it is delivered by the supplier.

The SPC will enter into the Aircraft purchase agreement and after the aircraft is ready for delivery, its technical advisor (engaged by the Investment Manager) will inspect the aircraft on behalf of the lessor. Once the technical advisor confirms that the aircraft meets the delivery conditions, the SPC will take delivery and ownership of the aircraft.

The total equity funding of the SPCs, estimated at about US$ 209.3million (about RO 79.3 million), will be provided by the Fund in the form and manner as described under Chapter 3 of this Prospectus.

12.2.2 – Debt Financing

The Investment Manager will obtain competitive asset-backed debt financing at the SPC level, for purchase of the aircraft. The details of the debt funding assumed for the business plan and financial projections are given below. Of this, the debt funding for the first five Aircraft (Sl .No. 1 to 5 in the table below) have already been availed from DVB Bank and/or Arab Banking Corporation (ABC).

Sl. No.	Aircraft	Loan availed (RO milllion)	Interest Rate p.a.	Total Term (years)	Balloon (RO million)
1	737-900ER	11.8	4.16%	10	3.08
2	737-900ER	12.0	3.96%	10	3.08
3	737-900ER	12.1	4.03%	10	3.46
4	737-900ER	11.9	4.08%	10	3.46
5	737-900ER	11.9	3.86%	10	3.84
6	A330 *	30.8	4.67%	12	5.77
7	787-8 *	30.8	4.57%	12	7.31
	Total	**121.3**			**30.00**

** assumed as per business plan*

Upfront Fee	1.0 to 1.30%
Commitment Fee	0.85% p.a.
Facility Agent Fee	RO 1,925 p.a.
Security Trust Fee	RO 1,925 p.a.

The financing is repaid on a monthly or quarterly basis as applicable. To mitigate the interest rate risk, where applicable, interest rate swap or other hedging instruments are used in order to fix the interest rate during the tenure of the financing facility.

12.2.3 – Aircraft Lease Agreement

The rental payment under the Aircraft Lease Agreements is payable by the Airline (Oman Air or any other) to the respective SPCs. The business plan of the Fund assumes the following as the rent payable by the Lessee to the lessor (each SPC) each month in advance during the term of the lease agreement (the “Base Rent”) per Aircraft.

Sl.No.	Aircraft Type / Lease period	Proposed Lessee (Airline)	Base Rent (RO per month)
1	737-900 ER: 10 year lease	Oman Air	161,584
2	737-900 ER: 10 year lease	Oman Air	164,148
3	737-900 ER: 10 year lease	Oman Air	162,018
4	737-900 ER: 10 year lease	Oman Air	161,543
5	737-900 ER: 10 year lease	Oman Air	158,492
6	A330: 12 year lease	To be identified	414,872 *
7	787-8 : 12 year lease	To be identified	403,568 *

** as assumed for financial projection*

The Base Rent will be fixed for the entire term of the Lease Agreement and the fixed amount payable by the Lessee (Airline) to the Lessor (SPC) each month in advance during the term of the Lease Agreement;

12.2.4 – Disposition of the Aircraft

Disposition of the Aircraft at the end of the lease or during the Lease Period will generate a source of cash flow and income.

Current demand for aircraft is high, particularly the twin engine single aisle narrow body Boeing 737 and A320 families and the larger aircraft types, such as the A330 – 300 and B777-200. Demand for these type of aircraft exceeds current availability or new deliveries from manufacturer.

The projected Aircraft sales price assumed for the financial forecasts is an average of the valuation undertaken by two independent aircraft valuation experts- Ascend and AVITAS.

Ascend

Ascend Flightglobal Consultancy is a leading provider of expert advisory and valuations services to the global aviation industry. It provides specialist, independent services. Over its rich 46 year history, Ascend Flightglobal Consultancy has progressively advanced its primary areas of expertise and expanded into new market sectors including aviation finance and insurance, aircraft leasing and airport investment.

Ascend, headquartered in London with offices in New York, Hong Kong and Tokyo, delivers aircraft and engine data through online subscription services and provides valuations, appraisals and advisory services to a world-wide client base spanning aviation investors and financiers, lessors, manufacturers, operators and suppliers. Ascend plays a key role in informing decisions and identifying opportunities within the aviation industry.

In July 2011, Ascend was acquired by Flightglobal, Reed Business Information's (RBI) media and data business in the global aerospace and aviation market. As part of Flightglobal, Ascend can also offer a single point of access to news, data and analytics services. RBI's Flightglobal provides aerospace information and data services through www.flightglobal.com (the largest professional aviation website in the world), Flight International and Airline Business magazines, civil fleet data from ACAS, and real time news and business intelligence from Air Transport Intelligence. It has offices in Hong Kong, Tokyo and New York. (www.ascendworldwide.com)

Avitas

Founded in 1985, AVITAS is a leading aircraft expert advisor to airlines, financial institutions, maintenance facilities, manufacturers, government agencies and law firms. It is a full-service aviation consulting firm with senior staff that have comprehensive hands-on expertise from various facets of the aviation industry. AVITAS's expertise covers a broad range of aviation disciplines which qualifies the firm to render assistance and counsel in areas such as technical consulting, valuations, assistance to aircraft Lessors and Lenders, strategic planning, competitive situation analysis and operations support. Its offices are located in Washington, DC, and London. The valuations team at AVITAS is led by four ISTAT (International Society of Transport Aircraft Trading) certified appraisers and the valuations team is comprised of former aircraft engineers, finance industry professionals, leasing company professionals, and airline planning professionals. It publishes the AVITAS BlueBook of Jet Aircraft Values which is considered as one of the industry's most respected source of commercial aircraft values and contains base, current market and future values forecasts for all major western-built jet types, including regional jets. (www.avitas.com)The valuation made by these appraisers, as at the end of the lease period for the respective aircraft, are summarized below. These valuations are subject to the assumptions and disclaimers appearing in their valuation reports. The average of the valuations have been used for the purpose of the business plan and projected financial statements:

Aircraft type: Lease period	Ascend (RO million)	AVITAS (RO million)	Value assumed for Business Plan (RO million)
737-900 ER: 10 year lease	11.9	14.9	13.4
787-8 : 12 year lease	29.0	-	25.9
A330 – 300	27.2	29.8	25.30

** Full Life Base Value at 2% inflation*

12.2.5 – Investment Management Agreement and other Fees and Expenses

The SPCs and the Fund will bear the following fees, expenses and costs over the life of the Fund. The Fund will bear the expenses for items number 1 to 3 and 14 to 16 while the respective SPCs will bear the expenses for items 4 to 13.

Sl. No.	Expense	Payable to	Basis	Amount*
1	Placement Fee	OBAM	1% of the Subscription Amount raised by the Placement Agent and accepted by the Fund	RO 646,000
2	Investment Management Fees	OBAM	The Fund shall pay to the Investment Manager, an annual Management Fee of 2% of gross annual lease income of the Fund (on a consolidated basis), payable on monthly basis.	As applicable
3	Performance Fee	OBAM	10% of the excess return over the Hurdle Rate per year subject to clawback.	As applicable
4	Aircraft Lease Management Fee	OBAM	2% of gross lease rental per Aircraft, payable on monthly basis and reimbursement of expenses.	As applicable
5	Re-marketing Fee	OBAM	1% of the actual disposition proceeds per Aircraft, payable at the time of disposition and reimbursement of expenses.	As applicable
6	Aircraft acquisition-Legal Fee	Third Party	US$ 200,000 for the first acquisition and US$ 50,000 for each subsequent transaction.	As applicable

Sl. No.	Expense	Payable to	Basis	Amount*
7	Pre-acquisition Technical Inspection Fee	Third Party	Estimate – per Aircraft acquisition	RO 9,625
8	Annual Aircraft Inspection Fee	Third Party	Per Aircraft per year	RO 4,614 & RO 5,767
9	Contingent Liability Insurance	Third Party	Per Aircraft per year	RO 3,653
10	Aircraft Valuation Fee	Third Party	Per Year Estimate – per SPC	RO 963
11	SPC Legal Advisor Fee	Third Party	Per Year Estimate – per SPC	RO 2,888
12	SPC Administration expenses	Others	Per Year Estimate	RO 1,730
13	SPC Secretarial & Audit Fee	Others	Per Year Estimate	RO 3,845
14	Fund Administrator Fee	NBO	Per Year Estimate	RO. 51,000
15	Fund Custodian Fee	NBO	Per Year Estimate	RO 25,500
16	Fund Management Sitting Fee and Remuneration	Members of Fund Management	Per Year Estimate	RO 30,000
17	Transfer Fee for Existing SPCs to the Fund	legal advisor involved in the transaction	Estimate	RO 47,101

** Estimated; where based on % calculated on estimated Fund/ transaction size*

12.2.6 – Taxes – SPCs and the Fund

The information provided below, which relates only to the Fund and SPCs, summarizes the advice received by the Investment Manager from the professional firm, KPMG based in Oman. (Please refer Section 21 for details)

As per advice received, an investment fund set up in Sultanate of Oman in accordance with the Capital Market Law (CML) is exempt from tax. Therefore, as the Fund is being set up as a close ended fund registered with the CMA, no tax impact has been considered in the business plan and financial projections of the Fund.

As regards the SPCs, these are/will be incorporated in jurisdictions with favorable tax laws with zero or low rates of corporate tax. The financial projections presented in this prospectus assume that the SPCs will not be subject to tax.

13 – Summary Financial Projections

Based on the business plan of the Fund and the estimates set out in the previous section, the financial forecast of the Fund is summarized below. Please refer to Section 14 for details.

The forecast is without applying the Performance Fee component for the Investment Manager fee.

RO 'million

Year No.	1	2	3	4	5	6	7	8	9	10	11	12	13
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Revenue	15.848	19.515	19.515	19.515	19.515	19.515	19.515	19.515	20.107	15.543	9.822	9.822	(2.008)
Net Profit	4.929	6.344	6.650	6.969	7.298	7.647	8.012	8.394	9.525	8.342	4.573	4.800	(3.552)
Share Capital	78.391	78.391	78.391	78.391	78.391	78.391	78.391	78.391	70.502	38.145	38.145	38.145	-
Dividend paid	4.681	6.728	6.728	6.728	6.728	6.728	6.728	6.728	9.042	11.864	3.409	3.409	1.014

14 – Financial Projections

Prospective financial information

pwc

Independent assurance report
To the sponsors and initial investors of Oman Aircraft Leasing Fund 1 (under formation)

We have examined the prospective financial information ('financial projections') of Oman Aircraft Leasing Fund 1 (Fund under formation) for thirteen years from 31 December 2016 to 31 December 2028, including the related notes attached thereto which form an integral part of these financial projections, in accordance with the International Standard on Assurance Engagements 'ISAE 3400' (the standard) applicable to the examination of prospective financial information. Our examination was conducted in accordance with the standard and included such procedures as we considered necessary to obtain a reasonable degree of assurance to enable us to express our opinion.

The investment manager of the Fund is responsible for the preparation and presentation of these financial projections including the assumptions set out in note 2 on which they are based. Our responsibility is to express an opinion on the compilation of these financial projections and the notes attached hereto based on our examination.

These financial projections have been prepared for illustrative purposes for disclosure in a prospectus document. These financial projections have been prepared by the management using a set of assumptions that include best-estimate assumptions and hypothetical assumptions about future events and sponsors' and initial investors' actions that cannot be confirmed and verified in the same way as past results and that are not necessarily expected to occur. Consequently, readers are cautioned that these financial projections may not be appropriate for and should not be used for purposes other than as described above.

In our opinion the financial projections are properly compiled on the basis of the assumptions set out in note 2 and the basis of accounting used is consistent with the accounting policies of the Fund under formation as stated in note 3 of the financial projections. Nothing has come to our attention to suggest that the assumptions in note 2 and the accounting policies in note 3 of the financial projections do not form a reasonable basis for the prospective financial information.

Even if the events anticipated under the best-estimate assumptions and the hypothetical assumptions described above occur, actual results are still likely to be different from the projection since other anticipated events frequently do not occur as expected and the variation may be material. Consequently, we express no opinion on how closely the results actually achieved will compare with the financial projections.

We have no responsibility for updating our report based on events and circumstances that occur after the date of our report, regardless of whether such events and circumstances impact these financial projections.

PricewaterhouseCoopers LLC

PricewaterhouseCoopers LLC

25 November 2015
Muscat, Sultanate of Oman

Projected statement of Comprehensive Income
For the years ending from 31 December 2016 to 31 December 2028

All amounts in RO '000

	Note	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Income														
Lease rentals	5	15,848	19,515	19,515	19,515	19,515	19,515	19,515	19,515	19,246	13,377	9,822	9,822	3,666
Gain / (loss) on disposal of aircraft	7	-	-	-	-	-	-	-	-	861	2,166	-	-	(5,674)
Total revenue		**15,848**	**19,515**	**19,515**	**19,515**	**19,515**	**19,515**	**19,515**	**19,515**	**20,107**	**15,543**	**9,822**	**9,822**	**(2,008)**
Expenses														
Depreciation	6	**(5,821)**	**(7,153)**	**(7,154)**	**(7,156)**	**(7,153)**	**(7,156)**	**(7,155)**	**(7,153)**	**(7,037)**	**(4,769)**	**(3,571)**	**(3,571)**	**(1,038)**
Amortisation of capital costs	2.2.5	(47)	(56)	(56)	(56)	(56)	(56)	(56)	(56)	(55)	(35)	(24)	(24)	(9)
Total expenses		(5,868)	(7,209)	(7,210)	(7,212)	(7,209)	(7,212)	(7,211)	(7,209)	(7,092)	(4,804)	(3,595)	(3,595)	(1,047)
Gross profit/(loss)		9,980	12,306	12,305	12,303	12,306	12,303	12,304	12,306	13,015	10,739	6,227	6,227	(3,055)
General and administrative expenses		(173)	(134)	(134)	(134)	(134)	(134)	(134)	(134)	(132)	(76)	(40)	(40)	(15)
Fund custodian, administrator and audit fee	2.2.13	(81)	(81)	(81)	(81)	(81)	(81)	(81)	(81)	(81)	(81)	(81)	(81)	(41)
Lease and fund management fee	5	(634)	(780)	(780)	(780)	(780)	(780)	(780)	(780)	(770)	(536)	(392)	(392)	(146)
Board of directors' fee	3.5	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(15)
Operating profit/ (loss)		**9,062**	**11,281**	**11,280**	**11,278**	**11,281**	**11,278**	**11,279**	**11,281**	**12,002**	**10,016**	**5,684**	**5,684**	**(3,272)**
Finance cost		(4,133)	(4,937)	(4,630)	(4,309)	(3,983)	(3,631)	(3,267)	(2,887)	(2,477)	(1,674)	(1,111)	(884)	(280)
Net profit/(loss)		**4,929**	**6,344**	**6,650**	**6,969**	**7,298**	**7,647**	**8,012**	**8,394**	**9,525**	**8,342**	**4,573**	**4,800**	**(3,552)**

The background, proposed activities and key assumptions on pages 69 to 80 form an integral part of these financial statements.

Independent assurance report - page 64

Projected Statement of Financial Position
For the years ending from 31 December 2016 to 31 December 2028

All amounts in RO '000

	Note	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
ASSETS														
Aircraft and aviation assets	6	190,718	183,565	176,411	169,255	162,102	154,946	147,791	140,638	121,024	64,824	61,253	57,682	-
Capitalised costs	2.2.5	539	483	427	371	315	259	203	147	93	57	33	9	-
		191,257	**184,048**	**176,838**	**169,626**	**162,417**	**155,205**	**147,994**	**140,785**	**121,117**	**64,881**	**61,286**	**57,691**	**-**
EQUITY														
Share capital	2.2.6	78,391	78,391	78,391	78,391	78,391	78,391	78,391	78,391	70,502	38,145	38,145	38,145	-
Retained earnings		837	452	374	615	1,184	2,103	3,386	5,052	5,535	2,010	3,175	4,567	-
		79,228	**78,843**	**78,765**	**79,006**	**79,575**	**80,494**	**81,777**	**83,443**	**76,037**	**40,155**	**41,320**	**42,712**	**-**
LIABILITIES														
Term loans	2.2.4	113,404	106,439	99,165	91,571	83,651	75,379	66,743	57,727	45,325	24,878	20,054	15,003	-
Front-end fee on long term loan	2.2.4	(1,375)	(1,234)	(1,092)	(951)	(809)	(668)	(526)	(385)	(245)	(152)	(88)	(24)	-
		112,029	**105,205**	**98,073**	**90,620**	**82,842**	**74,711**	**66,217**	**57,342**	**45,080**	**24,726**	**19,966**	**14,979**	**-**
		191,257	**184,048**	**176,838**	**169,626**	**162,417**	**155,205**	**147,994**	**140,785**	**121,117**	**64,881**	**61,286**	**57,691**	**-**

The background, proposed activities and key assumptions on pages 69 to 80 form an integral part of these financial statements.

Independent assurance report - page 64

Projected Statement of Cash Flows
For the years ending from 31 December 2016 to 31 December 2028

All amounts in RO '000

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Cash flow from operating activities													
Net profit/(loss)	4,929	6,344	6,650	6,969	7,298	7,647	8,012	8,394	9,525	8,342	4,573	4,800	(3,552)
Adjustments for:													
Depreciation	5,821	7,153	7,154	7,156	7,153	7,156	7,155	7,153	7,037	4,769	3,571	3,571	1,038
Amortisation of capital costs	47	56	56	56	56	56	56	56	55	35	24	24	9
Finance cost	4,133	4,937	4,630	4,309	3,983	3,631	3,267	2,887	2,477	1,674	1,111	884	280
(Gain) / loss on disposal of aircraft	-	-	-	-	-	-	-	-	(861)	(2,166)	-	-	5,674
Cash generated from operating activities	**14,930**	**18,490**	**18,490**	**18,490**	**18,490**	**18,490**	**18,490**	**18,490**	**18,233**	**12,654**	**9,279**	**9,279**	**3,449**
Technical and legal expenses paid	(288)	-	-	-	-	-	-	-	-	-	-	-	-
Net cash generated from operating activities	**14,642**	**18,490**	**18,490**	**18,490**	**18,490**	**18,490**	**18,490**	**18,490**	**18,233**	**12,654**	**9,279**	**9,279**	**3,449**
Cash flow from investing activities													
Purchase of aircraft	(99,200)	-	-	-	-	-	-	-	-	-	-	-	-
Sale proceeds from disposal of aircraft – net of remarketing fee	-	-	-	-	-	-	-	-	13,437	53,596	-	-	50,970
Net cash (used in)/ generated from investing activities	**(99,200)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13,437**	**53,596**	**-**	**-**	**50,970**

Projected Statement of Cash Flows
For the years ending from 31 December 2016 to 31 December 2028

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Cash flow from financing activities													
Issuance of share capital	38,063	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from long term loan	61,520	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of long term loan	(9,575)	(11,762)	(11,762)	(11,762)	(11,762)	(11,762)	(11,762)	(11,762)	(14,739)	(22,029)	(5,870)	(5,870)	(15,260)
Front-end fee paid	(769)	-	-	-	-	-	-	-	-	-	-	-	-
Redemption of share capital	-	-	-	-	-	-	-	-	(7,889)	(32,357)	-	-	(38,145)
Dividend paid	(4,681)	(6,728)	(6,728)	(6,728)	(6,728)	(6,728)	(6,728)	(6,728)	(9,042)	(11,864)	(3,409)	(3,409)	(1,014)
Net cash generated from / (used in) financing activities	**84,558**	**(18,490)**	**(18,490)**	**(18,490)**	**(18,490)**	**(18,490)**	**(18,490)**	**(18,490)**	**(31,670)**	**(66,250)**	**(9,279)**	**(9,279)**	**(54,419)**
Net change in cash and cash equivalent	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

The background, proposed activities and key assumptions on pages 69 to 80 form an integral part of these financial statements.

Independent assurance report - page 64

Background, Proposed Activities and Key Assumptions
For the years ending from 31 December 2016 to 31 December 2028

1 – Background and proposed activities

Oman Aircraft Leasing Fund 1 (under formation) (the Fund) will be a closed end mutual fund which will be licensed and regulated by Capital Market Authority of the Sultanate of Oman with the objective to invest in companies involved in leasing of commercial passenger and cargo aircraft to top tier airlines. The Fund's return objective will be to achieve a steady dividend income to investors. The Fund's structure is aimed to generate a predetermined level of income which, after meeting debt service and expenses, will enable the Fund to distribute the surplus on a periodic basis to unit holders, thereby yielding the target return to investors. The structure of the Fund allows for return of the invested capital to the unit holders at the end of its life from the disposal of the aircraft. Investment in the Fund will be made available on a private placement basis.

2 – Key assumptions

2.1 – General hypothetical assumptions

These projected financial statements are prepared by the investment manager on a consolidated basis including the assets and liabilities of the entities in which the Fund shall be making the investments since those entities shall be fully owned by the Fund. These projected financial statements and the assumptions cover a period of thirteen years considering that the Fund will commence its proposed investments from January 2016.

- All required licenses, consents or other legislative or administrative approvals will be obtained.
- All applicable laws and regulations of the Sultanate of Oman will be complied along with any new laws and regulations that will have an impact on the Fund's investments.
- All current applicable laws and regulations governing the activities of the Fund will remain in effect, and no new laws or regulations, either favourable or unfavourable, will be enacted that would in any way affect the projected statement of financial position, statement of comprehensive income and statement of cash flow.
- Responsible and competent fund and asset management practices will be followed.
- The Fund will not be taxable in the Sultanate of Oman.
- These projected financial statements do not reflect the impact of any investment or financial risks not in the ordinary course of investments during the period covered by the projected financial statements.
- The fee arrangement and basis used in the specific assumptions for the purpose of calculation of various expenses will be formalised in the form of contracts in due course.

2.2 – Specific hypothetical assumptions

2.2.1 – Structure

The Fund will invest in Special Purpose Companies (SPC), registered in a tax free jurisdiction. These SPC will be fully owned by the Fund and each SPC will purchase an aircraft. The purchase of aircraft will be financed partially through equity of the SPC and the remaining amount through an external debt obtained from a financial institution. The SPC shall provide the aircraft to the top tier airlines on operating lease arrangements. Further details relating to the structure of the Fund are provided in note 4.1 to these projected financial statements.

2.2.2 – Details of assets of the SPC

The following table summarises the details of existing and target assets of the SPC in which the Fund shall be investing:

Aircraft type	Ownership of aircraft	Actual/ expected delivery date	Purchase price	Monthly lease rental	Lease term	Fair value at the end of lease
			(RO ‘000)	(RO ‘000)	(years)	(RO ‘000)
Boeing 737-900ER	OBIC Leasing 1 Limited	Nov -2014	19,558	162	10	13,573
Boeing 737-900ER	OBIC Leasing 2 Limited	Mar -2015	19,981	164	10	13,534
Boeing 737-900ER	OBIC Leasing 3 Limited	May -2015	20,046	161	10	13,534
Boeing 737-900ER	OBIC Leasing 4 Limited	May -2015	20,062	162	10	13,534
Boeing 737-900ER	OBIC Leasing 5 Limited	Nov -2015	19,895	159	10	13,534
Airbus A330	To be acquired	Mar -2016	49,985	415	12	25,300
Boeing 787-8	To be acquired	Jun -2016	49,216	404	12	26,184

2.2.3 – Useful life of the assets

The useful life of the aircraft is assumed to be twenty five (25) years with 10% of the purchase price as the residual value.

2.2.4 – Details of financing

The debt financing details for each SPC which shall purchase an aircraft from the debt and equity proceeds are summarised below:

Aircraft type	Actual/expected date of borrowing	Loan amount	Balloon repayment	Interest rate	Front end fee
		(RO ‘000)	(RO ‘000)	(%)	(%)
Boeing 737-900ER	Nov -2014	11,816	3,076	4.16	1.30
Boeing 737-900ER	Mar -2015	11,996	3,076	3.96	1.30
Boeing 737-900ER	May -2015	12,112	3,460	4.03	1.25
Boeing 737-900ER	May -2015	11,919	3,460	4.08	1.25
Boeing 737-900ER	Nov -2015	11,919	3,845	3.86	1.00
		59,762	16,917		
Airbus A330	Mar -2016	30,760	5,768	4.67	1.25
Boeing 787-800	Jun -2016	30,760	7,306	4.57	1.25
		61,520	13,074		
		121,282	29,991		

The term of the loan for each aircraft will match the term of the operating lease contract for the aircraft. The long term loans contain a front end fee to be paid by the SPC to the lender bank. The front end fee shall be capitalised and amortised over the duration of the loan. Repayments of long term loans will take place during 2015 through to 2028.

2.2.5 – Capitalised costs

These costs shall include legal expenses relating to lease contracts entered with the airlines, other lease transaction expenses and aircraft pre-delivery technical inspection costs. These capitalised costs shall be amortised over the term of the lease.

2.2.6 – Share capital

The authorised share capital of the Fund shall be equal to RO 80 million, comprising of 8,000 units of RO 10,000 each. At the end of lease term, the aircraft shall be sold and the proceeds shall be used to redeem the share capital of the Fund.

The share capital to be invested for the Fund will be approximately RO 80 million. The sponsors and initial investors have already invested RO 15.4 million in two SPCs in anticipation of the Fund. These initial investors will be issued 1,540 units and the remaining RO 64.6 million, comprising 6,460 units of RO 10,000 each (excluding offer expenses), is being offered to other investors on private placement basis.

2.2.7 – Revenue

Each SPC shall earn lease rentals from the lease of aircraft to the airline. The lease rental income shall be a fixed amount agreed between the SPC (the lessor) and the airline (the lessee) as part of the lease agreement.

2.2.8 – Direct cost

Direct costs shall comprise of annual technical and inspection cost, SPC secretarial expenses, SPC administration expenses, SPC audit fee and contingent liability insurance. The following table summarises the assumption for each direct cost item:

	Amounts in RO
Annual technical inspection cost	
– Boeing 737-900ER	4,614
– Airbus A330	5,767
– Boeing 787-800	5,767
Contingent liability insurance	3,653
SPC administration costs	1,730
SPC audit and secretarial fee	5,000

2.2.9 – Lease management fee

The lease management fee shall be 2% of lease rental income payable to the lease manager on monthly basis.

2.2.10 – Fund management Fee

The fund management fee shall be 2% of lease rental income payable to the fund manager on monthly basis.

2.2.11 – Aircraft remarketing fee

The remarketing fee is assumed to be 1% of sales proceeds from disposal of the aircraft at the end of the lease.

2.2.12 – Loan commitment fee

Loan commitment fee was the amount paid as the commitment fee to the lender bank for securing the loan related to one Boeing 737-900ER aircraft which was delivered in March 2015.

2.2.13 – Fund custodian, administrator and audit fee

National Bank of Oman shall be appointed as the Fund custodian and administrator and will be paid a fee of RO 25,500 per annum and RO 51,000 per annum respectively. The Fund's audit fee shall be RO 5,000 per annum.

3 – Accounting policies

3.1 – Basis of preparation

These projected financial statements of the Fund are prepared in accordance with the following accounting policies and under the historical cost convention. These accounting policies have been consistently applied to each of the years presented.

The projected statement of financial position is not presented using a current / non-current classification. However, aircraft and aviation assets would generally be classified as non-current and the following balances are of mixed nature (including both current and non-current portions): capitalised costs, term loans and front end fee.

3.2 – Foreign currency translation

(a) Functional and presentation currency

Items included in the projected financial statements are measured using the currency of the primary economic environment in which the Fund operates (the functional currency). These financial statements are presented in Rial Omani, which is the Fund's functional and presentation currency.

(b) Transactions and balances

Transactions denominated in foreign currencies are translated into Rial Omani (RO) at exchange rates (USD 2.6008 / RO) approximating to those ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into RO at exchange rates (USD 2.6008 / RO) approximating those ruling at that date. All exchange gains and losses are dealt with in the statement of comprehensive income.

3.3 – Revenue recognition

Revenue consists primarily of rentals from lease of aircraft to the airline. The SPC recognises the revenue from lease rentals as they fall due as per the lease agreement.

3.4 – Finance costs

Interest expense is accounted for on accrual basis using effective interest rate method.

3.5 – Sitting fees, remuneration and expenses

Each member of the fund management board shall be entitled to a sitting fee of RO 400 per meeting. In addition subject to the fund management board approval, each member may receive an annual remuneration fee. Total amount for sitting fee and remuneration shall not be more than RO 6,000 for each member per annum. Each board member may charge any out of pocket expenses incurred solely for the purpose of carrying out his/her duties for the Fund. The total amount under the head of 'sitting fee', 'remuneration' and 'out of pocket expenses' for the fund management board, however, shall not exceed RO 30,000 per annum.

3.6 – Aircraft and aviation assets

Aircraft and aviation assets are stated at cost less accumulated depreciation and accumulated impairment, if any. The cost of aircraft and aviation assets is the purchase price together with any incidental expenses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably.

The cost of aircraft and aviation assets is written down to residual value in equal instalments over the estimated useful lives of the assets which is twenty five years.

An item of aircraft and aviation assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds (net of remarketing expenses) and the carrying amount of the aircraft and aviation asset and is recognised in the statement of comprehensive income.

The aircraft and aviation assets' residual values are assumed to be 10% of the purchase cost. The residual values and useful lives of aircraft and aviation assets are reviewed, and adjusted if appropriate, at each reporting date. Differences between estimates of useful lives and residual values and actual experience may result in future impairments of aircraft and/or additional gains or losses upon disposal.

All repair and maintenance cost of the aircraft during the lease period will be borne by the airlines. Further, the lease agreement contains detailed return conditions that the aircraft must comply with as a minimum on the date of return to the SPC.

3.7 – Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

3.8 – Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.9 – Dividends

Dividend distribution to the Fund shall be deposited to a separate bank account held with the custodian and shall be payable on quarterly basis.

4 – Transfer of existing SPCs to the Fund

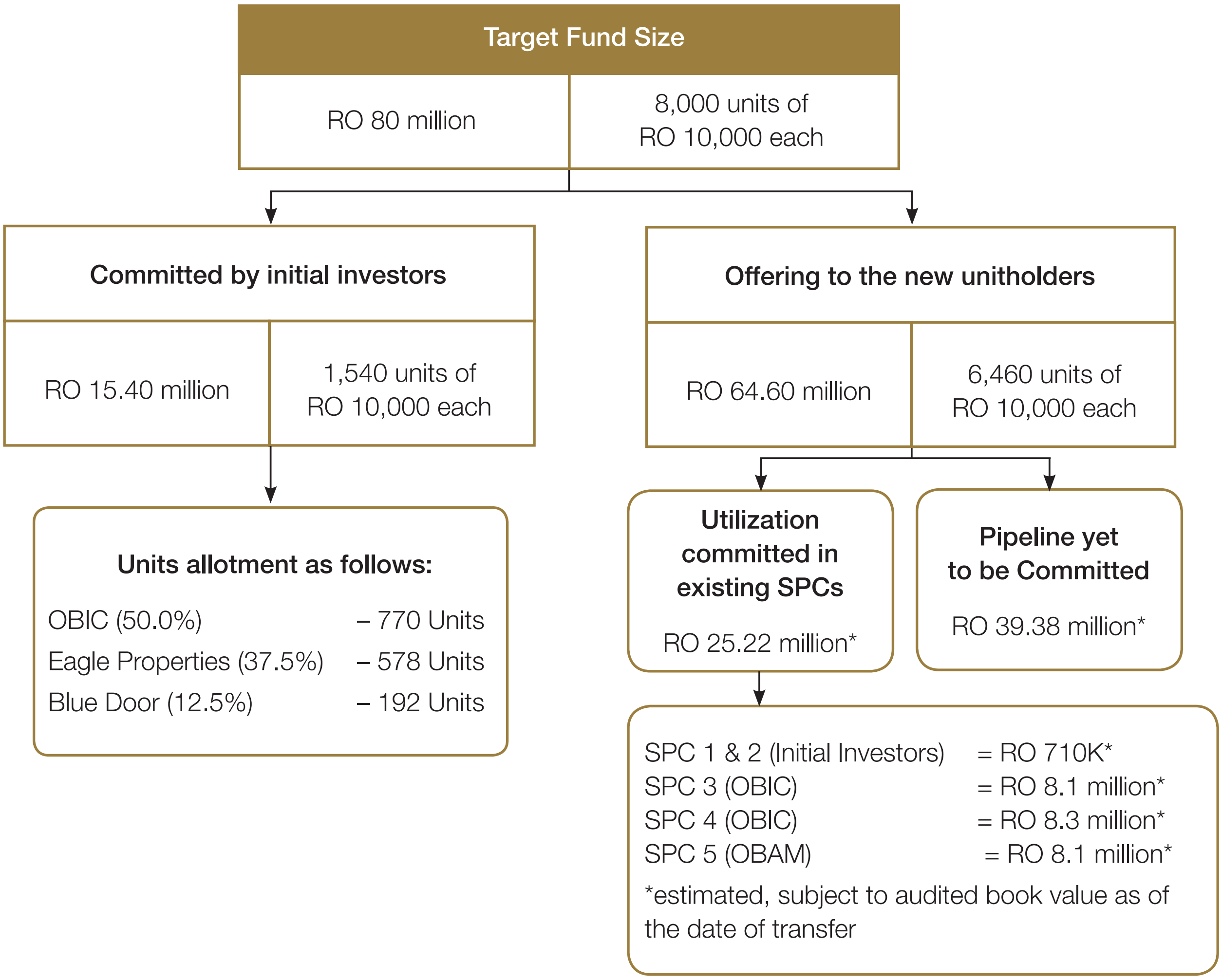
4.1 – Transaction structure

The transfer of the SPCs to the Fund shall be at book value (audited).

The initial investors who are the current 100% shareholders of OBIC Leasing 1 Limited and OBIC Leasing 2 Limited will become unitholders in the Fund with a holding of RO 15.40 million (US$ 40.00 million). For the purpose, existing shareholders in OBIC Leasing 1 Limited and OBIC Leasing 2 Limited shall receive 1,540 units in the Fund. The excess transfer value of OBIC Leasing 1 Limited and OBIC Leasing 2 Limited, over and above RO 15.40 million, shall be paid in cash by the Fund to the initial investors and in case of a shortfall (transfer value below RO 15.40 million), the initial investors shall pay cash to the Fund to the extent of the shortfall. The initial investors have confirmed that they will not draw any amount, either as dividend or as any other payment, from OBIC Leasing 1 Limited and OBIC Leasing 2 Limited on or after the date of transfer to the Fund.

Further, the Fund will acquire ownership of OBIC Leasing 3 Limited, OBIC Leasing 4 Limited and OBIC Leasing 5 Limited in cash at book value (audited) at the date of transfer. Currently, OBIC Leasing 3 Limited and OBIC Leasing 4 Limited are wholly owned by Oman Brunei Investment Company SAOC (OBIC) and OBIC Leasing 5 Limited is wholly owned by Oman Brunei Asset Management SAOC (OBAM). OBIC and OBAM have confirmed that they will not draw any amount, either as dividend or as any other payment, from OBIC Leasing 3 Limited, OBIC Leasing 4 Limited and OBIC Leasing 5 Limited on or after the date of transfer to the Fund.

Below is a diagrammatic representation of the Fund's planned investment and utilisation of subscription raised:



5 – Lease rentals

The lease rentals are calculated by applying a lease rate factor (LRF) on the purchase price of the aircraft. The lease for the Boeing 737-900ER aircraft is for a period of 10 years and for Airbus A330 and Boeing 787-800 aircraft is for a period of 12 years. The fund and lease management fee are 2 per cent each on the lease rental earned by each SPC which is payable to the lease manager (Oman Brunei Asset Management SAOC) and the Fund manager. Following table summarises lease rentals, lease management fee and fund management fee for each SPC:

All amounts in RO '000

	LRF %	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Boeing 737-900ER	0.826	1,939	1,939	1,939	1,939	1,939	1,939	1,939	1,939	1,670	-	-	-	-
Boeing 737-900ER	0.822	1,970	1,970	1,970	1,970	1,970	1,970	1,970	1,970	1,970	413	-	-	-
Boeing 737-900ER	0.808	1,937	1,937	1,937	1,937	1,937	1,937	1,937	1,937	1,937	750	-	-	-
Boeing 737-900ER	0.805	1,943	1,943	1,943	1,943	1,943	1,943	1,943	1,943	1,943	789	-	-	-
Boeing 737-900ER	0.798	1,904	1,904	1,904	1,904	1,904	1,904	1,904	1,904	1,904	1,603	-	-	-
Airbus A330	0.830	3,734	4,979	4,979	4,979	4,979	4,979	4,979	4,979	4,979	4,979	4,979	4,979	1,245
Boeing 787-800	0.820	2,421	4,843	4,843	4,843	4,843	4,843	4,843	4,843	4,843	4,843	4,843	4,843	2,421
		15,848	**19,515**	**19,515**	**19,515**	**19,515**	**19,515**	**19,515**	**19,515**	**19,246**	**13,377**	**9,822**	**9,822**	**3,666**
Lease management fee @ 2%		317	390	390	390	390	390	390	390	385	268	196	196	73
Fund management fee @ 2%		317	390	390	390	390	390	390	390	385	268	196	196	73
		634	**780**	**780**	**780**	**780**	**780**	**780**	**780**	**770**	**536**	**392**	**392**	**146**

6 – Aircraft and aviation assets

All amounts in RO '000

	Actual / expected purchase month	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Cost														
Boeing 737-900ER	November 2014	19,558	19,558	19,558	19,558	19,558	19,558	19,558	19,558	-	-	-	-	-
Boeing 737-900ER	March 2015	19,981	19,981	19,981	19,981	19,981	19,981	19,981	19,981	19,981	-	-	-	-
Boeing 737-900ER	May 2015	20,046	20,046	20,046	20,046	20,046	20,046	20,046	20,046	20,046	-	-	-	-
Boeing 737-900ER	May 2015	20,062	20,062	20,062	20,062	20,062	20,062	20,062	20,062	20,062	-	-	-	-
Boeing 737-900ER	November 2015	19,895	19,895	19,895	19,895	19,895	19,895	19,895	19,895	19,895	-	-	-	-
Airbus A330	March 2016	49,985	49,985	49,985	49,985	49,985	49,985	49,985	49,985	49,985	49,985	49,985	49,985	-
Boeing 787-800	June 2016	49,216	49,216	49,216	49,216	49,216	49,216	49,216	49,216	49,216	49,216	49,216	49,216	-
		198,743	**198,743**	**198,743**	**198,743**	**198,743**	**198,743**	**198,743**	**198,743**	**179,185**	**99,201**	**99,201**	**99,201**	**-**
Accumulated depreciation														
Boeing 737-900ER	November 2014	(1,467)	(2,171)	(2,875)	(3,579)	(4,283)	(4,987)	(5,691)	(6,395)	-	-	-	-	-
Boeing 737-900ER	March 2015	(1,259)	(1,978)	(2,697)	(3,417)	(4,136)	(4,855)	(5,575)	(6,294)	(7,013)	-	-	-	-

	Actual / expected purchase month	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Boeing 737-900ER	May 2015	(1,143)	(1,864)	(2,586)	(3,308)	(4,029)	(4,751)	(5,473)	(6,194)	(6,916)	-	-	-	-
Boeing 737-900ER	May 2015	(1,144)	(1,866)	(2,588)	(3,310)	(4,032)	(4,755)	(5,477)	(6,199)	(6,921)	-	-	-	-
Boeing 737-900ER	November 2015	(776)	(1,492)	(2,208)	(2,925)	(3,641)	(4,357)	(5,073)	(5,789)	(6,506)	-	-	-	-
Airbus A330	March 2016	(1,350)	(3,149)	(4,949)	(6,748)	(8,547)	(10,347)	(12,146)	(13,946)	(15,745)	(17,545)	(19,344)	(21,144)	-
Boeing 787-800	June 2016	(886)	(2,658)	(4,429)	(6,201)	(7,973)	(9,745)	(11,517)	(13,288)	(15,060)	(16,832)	(18,604)	(20,375)	-
		(8,025)	**(15,178)**	**(22,332)**	**(29,488)**	**(36,641)**	**(43,797)**	**(50,952)**	**(58,105)**	**(58,161)**	**(34,377)**	**(37,948)**	**(41,519)**	**-**
Carrying value														
Boeing 737-900ER	November 2014	18,091	17,387	16,683	15,979	15,275	14,571	13,867	13,163	-	-	-	-	-
Boeing 737-900ER	March 2015	18,722	18,003	17,284	16,564	15,845	15,126	14,406	13,687	12,968	-	-	-	-
Boeing 737-900ER	May 2015	18,903	18,182	17,460	16,738	16,017	15,295	14,573	13,852	13,130	-	-	-	-
Boeing 737-900ER	May 2015	18,918	18,196	17,474	16,752	16,030	15,307	14,585	13,863	13,141	-	-	-	-
Boeing 737-900ER	November 2015	19,119	18,403	17,687	16,970	16,254	15,538	14,822	14,106	13,389	-	-	-	-
Airbus A330	March 2016	48,635	46,836	45,036	43,237	41,438	39,638	37,839	36,039	34,240	32,440	30,641	28,841	-
Boeing 787-800	June 2016	48,330	46,558	44,787	43,015	41,243	39,471	37,699	35,928	34,156	32,384	30,612	28,841	-
		190,718	**183,565**	**176,411**	**169,255**	**162,102**	**154,946**	**147,791**	**140,638**	**121,024**	**64,824**	**61,253**	**57,682**	**-**

7 – Gain / (loss) on disposal of assets

All amounts in RO '000

	Purchase / expected purchase date	Expected date of disposal	2024	2025	2028
Sale proceeds*					
Boeing 737-900ER	November 2014	November 2024	13,437	-	-
Boeing 737-900ER	March 2015	March 2025	-	13,399	-
Boeing 737-900ER	May 2015	May 2025	-	13,399	-
Boeing 737-900ER	May 2015	May 2025	-	13,399	-
Boeing 737-900ER	November 2015	November 2025	-	13,399	-
Airbus A330	March 2016	March 2028	-	-	25,047
Boeing 787-800	June 2016	June 2028	-	-	25,923
			13,437	**53,596**	**50,970**
Carrying value at disposal					
Boeing 737-900ER	November 2014	November 2024	12,576	-	-
Boeing 737-900ER	March 2015	March 2025	-	12,848	-
Boeing 737-900ER	May 2015	May 2025	-	12,890	-
Boeing 737-900ER	May 2015	May 2025	-	12,900	-
Boeing 737-900ER	November 2015	November 2025	-	12,792	-
Airbus A330	March 2016	March 2028	-	-	28,541
Boeing 787-800	June 2016	June 2028	-	-	28,103
			12,576	**51,430**	**56,644**
Gain/(loss) on disposal of assets					
Boeing 737-900ER	November 2014	November 2024	861	-	-
Boeing 737-900ER	March 2015	March 2025	-	551	-
Boeing 737-900ER	May 2015	May 2025	-	509	-
Boeing 737-900ER	May 2015	May 2025	-	499	-
Boeing 737-900ER	November 2015	November 2025	-	607	-
Airbus A330	March 2016	March 2028	-	-	(3,494)
Boeing 787-800	June 2016	June 2028	-	-	(2,180)
			861	**2,166**	**(5,674)**

* Sales proceeds have been estimated based on calculation of the average market value of the valuations performed by three independent valuers. These proceeds are shown net of aircraft remarketing fee at the rate of 1%.

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Background, Proposed Activities and Key Assumptions
For the years ending from 31 December 2016 to 31 December 2028

Audited financial statements of existing SPCs

Tables below are summary of audited financial statements of OBIC Leasing 1 Limited, OBIC Leasing 2 Limited, OBIC Leasing 3 Limited and OBIC Leasing 4 Limited as of 30 September 2015. OBIC Leasing 5 Limited was set up in November 2015.

Statement of financial position

All amounts in RO

	OBIC Leasing 1 Limited	OBIC Leasing 2 Limited	OBIC Leasing 3 Limited	OBIC Leasing 4 Limited
	------------- As at 30 September 2015		---------------	
ASSETS				
Non-current asset				
Flight equipment held for operating lease	19,102,476	19,683,421	19,871,665	19,894,822
Current assets				
Due from related party	-	162,662	-	-
Prepayments	321	1,768	2,456	2,524
Cash and bank balances	260,134	187,030	337,434	322,590
	260,455	351,460	339,890	325,114
Total assets	19,362,931	20,034,881	20,211,555	20,219,936
EQUITY AND LIABILITIES				
EQUITY				
Capital and reserves				
Share capital	7,909,825	8,199,991	8,100,142	8,308,837
Retained earnings	64,118	140,701	52,900	50,608
Total equity	7,973,943	8,340,692	8,153,042	8,359,445
LIABILITIES				
Non-current liability				
Long term loan	10,309,664	10,732,105	11,118,024	10,920,917
Current liabilities				
Current maturity of long term loan	742,193	790,036	744,415	745,474
Due to related party	162,662	-	-	-
Advance and accrued expenses	174,469	172,048	196,074	194,100
	1,079,324	962,084	940,489	939,574
Total liabilities	11,388,988	11,694,189	12,058,513	11,860,491
Total equity and liabilities	19,362,931	20,034,881	20,211,555	20,219,936

Background, Proposed Activities and Key Assumptions
For the years ending from 31 December 2016 to 31 December 2028

Audited financial statements of existing SPCs (continued)

Statement of comprehensive income

All amounts in RO

	OBIC Leasing 1 Limited	OBIC Leasing 2 Limited	OBIC Leasing 3 Limited	OBIC Leasing 4 Limited
	------------- As at 30 September 2015 ---------------			
Revenue				
Operating lease rentals	1,731,204	1,071,006	709,046	674,670
Expenses				
Depreciation and amortisation	(597,304)	(362,385)	(242,238)	(242,668)
Fee for arranging capital	-	-	(73,673)	(70,877)
Management fee	(69,249)	(42,840)	(28,362)	(26,987)
General and administrative expenses	(26,298)	(10,941)	(9,142)	(8,539)
	(692,851)	(416,166)	(353,415)	(349,071)
Operating profit for the period	1,038,353	654,840	355,631	325,599
Finance costs	(451,432)	(275,439)	(187,321)	(178,820)
Finance income	-	-	90	79
	(451,432)	(275,439)	(187,231)	(178,741)
Profit and total comprehensive income for the period	586,921	379,401	168,400	146,858

15 – Accounts and Accounting Policies

General

- The Fund shall have a financial liability independent from the Investment Manager and the Fund Management.
- An independent and separate bank account for the Fund shall be maintained by the Custodian in Oman and where necessary outside Oman, for making withdrawals and deposits on behalf of the Fund.
- The Fund shall be treated, in respect of all sales and purchases and other transactions, as an independent entity and shall be credited in case of sales and debited in case of purchases. All costs related to the Fund shall be directly paid from the assets of the Fund.
- Accounting records for the Fund shall be maintained independently from the records of the Investment Manager and other Service Providers, and shall be audited by independent auditors approved or nominated by the Fund Management. The general meeting has the power to remove or change the external Auditors of the Fund during the life of the Fund. The appointment of external auditors will be notified to the CMA.

Revenue and Expenditure of the Fund

Revenue of the Fund shall include but not limited to:

a. income received from assets of the Fund;

b. profits earned from sale or disposition of the assets owned by the Fund;

c. interest credited to the accounts of the Fund; and

d. any other revenue directly linked to the Fund and resulting from the assets of the Fund.

Expenditure of the Fund shall include but not limited to:

a. initial set up costs of the Fund;

b. fees of the Investment Manager, Administrator, Custodian and sub-custodian if any,;

c. fees charged by the regulators in jurisdictions where the Fund has investments;

d. sitting fees of the Fund Management;

e. expenses in respect of maintaining accounting records and auditing fees;

f. fees and other amounts fees paid in connection with the sale/ purchase / lease of assets held on behalf of the Fund;

g. any losses incurred as a result of loss in value of assets held on behalf of the Fund;

h. any technical, legal or professional fees relating to the proposed or actual

i. acquisition, maintenance and disposition of assets of the Fund;

j. any expenditure related to the exercise of rights and duties in respect of the assets of the Fund;

k. cost of preparing, printing, publishing and distributing public notices, annual and interim reports, valuations, accounts and price lists and such other reports or documents as may be allowed or required under the applicable laws or regulations of Oman and any other communications to Unit-holders;

l. costs of printing any certificates or proxies;

m. cost of preparing and filing all official documents concerning the Fund and the SPCs, including registration statements and offering circulars with all authorities having jurisdiction over the Fund or the offering of Units or the SPCs;

n. cost of holding any meeting of Unit-holders;

o. legal fees;

p. taxation liability under each jurisdiction in which the Fund has investments; and

q. any other expenditure directly related to the Fund.

Financial Year

The financial year of the Fund shall commence on 1 January and end on 31 December of the same year except in case of first financial period which shall commence on Closing Date of the Fund and end on 31 December 2016.

Reports

The Fund shall disclose the financial statement in the following manner:

a) Initial quarterly financial statement, within 15 days from the end of the initial quarter.

b) Quarterly financial statements, immediately after the approval by the Fund Management and within 30 days from the end of each relevant quarter.

c) Annual audited financial statements, immediately after the approval by the Fund Management and within 60 days from the end of the financial year.

The Fund shall send an annual report to Unit-holders, immediately after the approval by the Fund Management and containing the annual audited financial statements, and additional information as required by law. The Fund shall also upload the report through the electronic transmission system of the MSM website.

Accounting Standards

The audited financial statements of the Fund will be prepared in accordance with International Financial Reporting Standards.

NAV of the Fund

The details of calculation of the NAV of the Fund are available in Section titled “Calculation of NAV”.

Dividend Policy

Subject to the approval of the Fund Management, the Fund proposes to pay cash dividend to its Unit-holders on a quarterly basis from distributable profit based on quarterly accounts.

The amount and timing of payment of dividends by the Fund shall be set from time to time by the Fund Management.

16 – Calculation of NAV

The calculation of the Net Asset Value (NAV) is the responsibility of the Administrator and is to be effected at the close of the business on the Valuation Day. The valuation of the Units will be carried out on the last business day of each calendar quarter.

The NAV will be calculated by the Administrator (after taking advice from the Investment Manager and other appropriate experts) as the value of the assets attributable to the Fund (including accrued income) less the attributed liabilities (including accrued charges and expenses and provisions for contingent liabilities (if any) where appropriate). The NAV per Unit will be calculated by dividing the NAV of the Fund by the total number of Units outstanding on the relevant Valuation Day.

The Administrator undertakes that the method of calculating the NAV and NAV per Unit will not be materially changed without the prior notification to the Unit-holders and consent of the Fund Management and the CMA.

Assets of the Fund

The assets attributable to the Fund (including its subsidiaries) are deemed to include the following:

1) all cash in hand, on loan or on deposit, or on call, including any interest or profit accrued thereon;
2) all bills, demand notes, promissory notes and accounts receivable;
3) all assets, securities and other investments owned or contracted on behalf of the Fund other than Units and rights to Units;
4) all interest or profit accrued on any interest (or profit) -bearing securities owned or held for the Fund;
5) all other investments held by the Fund; and
6) all other assets of the Fund of every kind and nature, including prepaid expenses as valued and defined from time to time by the Administrator;

Liabilities of the Fund

1) The liabilities of the Fund shall be deemed to include all of its liabilities (including such amount as the Administrator determines in respect of contingent liabilities) of whatever kind and nature. In determining the amount of such liabilities, the Administrator may calculate any liabilities on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any such period. Where applicable, liabilities shall be accrued from day to day.
2) Any expense or liability attributable to the Fund may be capitalized and amortized over such period as the Administrator may determine (and the Administrator may from time to time determine to lengthen or shorten any such period) and the unamortized amount thereof at any time will also be deemed to be an asset.

The Valuation of Assets

The assets of the Fund shall be valued as follows;

1) investments listed or quoted on the MSM shall be valued at the closing prices on the relevant Valuation Day provided, however, that if such investments shall be listed on or dealt in upon more than one stock exchange, the Administrator may at its discretion select one stock exchange which the Administrator believes to reflect the most accurate value;
2) deposits shall be valued at their principal amount plus accrued interest or profit from the date of acquisition or placing;
3) investments for which, in the Administrator's opinion, no appropriate market price is readily available, or in case of a listed security that has not been traded during twenty working days preceding to the Valuation Day, are valued at their market value as determined by one or more independent professional valuers or appraisers, at the sole discretion of the Administrator, in coordination with the Investment Manager;

Any assets not valued in accordance with the foregoing will be valued at their attributable fair values in accordance with commonly accepted international valuation standards.

4) If in any case a particular value is not ascertainable as above provided or if the Fund Management shall consider that some other method of valuation better reflects the fair value of the relevant investment then in such case the method of valuation of the relevant investment shall be such as the Fund Management in good faith in its absolute discretion shall decide;

5) any currency other than Omani Rial shall be converted into Omani Rial at the prevailing official bank rate for conversion with reference to Oman or in the absence of an official bank rate, at the rate (whether official or otherwise) which the Administrator shall in its absolute discretion deem, after consulting with the Investment Manager, appropriate to the circumstances having regard, inter-alia, to any premium or discount which the Administrator considers may be relevant and to the costs of exchange;

6) Cash held by the Fund shall be valued at its full nominal value;

7) Notwithstanding the foregoing, where, at the time as of which the assets of the Fund are being valued, any investment has been realized or contracted to be realized, these shall be included in the assets of the Fund in place of such investment the net amount receivable by the Fund in respect thereof, provided that, if the net amount receivable is not payable until some future time after the time at which the assets are being valued, the Administrator may make such allowance as it considers appropriate.

8) Any valuations made pursuant to the Prospectus will be binding on all persons

External Sources

In calculating the Net Asset Value the Fund Management may rely upon such automatic pricing services as it shall determine or, if so advised by the Fund Management may use information provided by particular pricing services, brokers, market makers or other intermediaries. In such circumstances, the Fund Management shall not, in the absence of gross negligence or wilful default, be liable for any loss suffered by the Fund as a result of the Fund Management concluding its judgment on any inaccuracy in the information provided by any such pricing service, broker, market maker or other intermediary. Furthermore, in calculating the Net Asset Value, the Fund Management shall instruct the Administrator to use reasonable endeavors to verify pricing information provided by the Investment Manager or any connected person but Unit-holders should note that in certain circumstances it may not be possible or practicable to verify such information. In such circumstances, the Fund Management will not be liable for any loss suffered by the Fund by reason of any error in the calculation of the Net Asset Value resulting from any inaccuracy in such information.

Suspension of Calculation of NAV

The Administrator in consultation with the Investment Manager may suspend the determination of the NAV on any Valuation Day for the whole or any part of a period during which:

1) a breakdown occurs in any of the means normally employed by the Administrator in ascertaining the NAV; or

2) circumstances considered to be abnormal market conditions exist as a result of which, in the opinion of the Administrator, it is not reasonably practical for the Fund to determine the NAV.

Currency of NAV

The NAV of the Fund and NAV per unit will be expressed in Omani Rial.

Communication of NAV

Net Asset Value (NAV) per Unit will be communicated to the Unit-holders through email at the address registered with the Administrator.

17 – Dividend Distribution and Reduction of Unit Capital

17.1 – Dividend

It is anticipated that the net income of the Fund, shall be distributed to Unit-holders on a quarterly basis, throughout the life of the Fund, subject to availability of adequate cash balance.

The amount and timing of payment of dividends by the Fund shall be set from time to time by the Fund Management.

17.2 – Capital Reduction

Being a close ended Fund, redemption of Units shall only happen upon dissolution and liquidation of the Fund, in accordance with the Articles of Association.

In case the Fund has surplus (unutilized) cash available, the Fund may reduce its capital and distribute such reduction value across all Unit-holders on pro-rata basis, subject to resolution by the Unit-holders at General Meeting.

17.3 – Priority of distribution

Distribution, net of all fees and expenses, will be made to Unit-holders pro-rata to the number of Units held and shall be in the following order of priority:

1) Management Fee to OBAM as per the Investment Management agreement
2) Annual Return to the Unit-holders pro-rata to the number of Units held, until total distribution reaches the Hurdle Rate.
3) Performance Fee (90/10 Split: 90% to all Unit-holders and 10% to OBAM) as per the Investment Management agreement
4) Reduction of Capital, pro-rata to the number of Units held, until Unit-holders have received the entire face value of the Units subscribed
5) Clawback of excess Performance Fee

17.4 – Dissolution and Liquidation of the Fund

The management of the Fund shall recommend to the extraordinary general meeting to dissolve and liquidate the fund for any reason including:

1) Expiration of its term.
2) Accomplishment of the objective for which the Fund was established pursuant to the Articles of Association and the Prospectus.
3) Reduction of the net asset value (NAV) of the fund to less than RO 500,000
4) The Fund stops carrying out its business without legitimate reason.
5) Reduction in the net asset value (NAV) to the extent that expenses incurred by the Unit-holders are unreasonably high.
6) On recommendation by the Investment Manager.
7) On request by CMA.

The Extra-ordinary General Meeting of the Unit-holders shall issue the resolution to dissolve and liquidate the Fund including appointment of liquidator, setting its fees and the liquidation process. The powers of the Fund Management and service providers shall end immediately on appointment of the liquidator.

The proceeds of the liquidation shall be used to discharge the dues and obligations of the Fund, after payment of dissolution and liquidation expenses. The balance shall be distributed to Unit-holders on pro-rata basis according to their holdings.

18 – Summary of Material Contracts

The Fund has entered into / will be entering into the following material contracts during the course of its operations. Copies of the contracts are available for perusal by Investors at the office of the Sponsor.

18.1 – Aircraft Purchase Agreement Assignment

The Airline enters into purchase agreement with each of the sellers (each a "Purchase Agreement"). Under the Aircraft Purchase Agreement Assignment, the parties to which shall be the seller/ manufacturer, Airline and the Aircraft Owner (SPC), the Aircraft Owner will take an assignment of the Airlines right to take title to the Aircraft under the Purchase Agreement.

The SPCs will bear the expenses relating to the purchase, registration and ownership of the Aircraft as set out in the Aircraft Purchase Agreements/ Assignments.

18.2 – Loan Agreement

Each SPC enters into Loan Agreement(s) with the Lenders to avail debt funding to part finance the purchase of the Aircraft. The Loans will be by way of limited recourse commercial loan facilities. The loan facilities will be repaid on annuity profiles to a balloon repayment at the end of their respective terms. As is customary for transactions of this type, the SPC will grant a variety of forms of security to the Lender as security for the payment of the loan facilities, including a first priority mortgage over the Aircraft, pledge of the shares of the SPC, assignment of the rental, security deposits and insurances. In the event that the Aircraft is sold, the loan facility must be repaid in full in priority over the distribution of equity to the Investors.

In addition, as is customary for such transactions, the Fund will provide an indemnity (to replace the indemnity provided by OBIC) to the banks (senior lenders: DVB and ABC) that have provided the loans for part financing the 4 Boeing 737-900ER Aircraft described above - it is anticipated that similar indemnities will be required in respect of the financing facilities to be availed for all the other Aircraft. The indemnities are of a contingent nature and include, amongst other things, the right to cure lessee defaults and to service debt in the event of an early lease termination, to pay swap breakage costs, increased costs imposed in the financial markets, any taxes imposed on the financing facility. Under the indemnity, the provider (which is the Fund) is required to maintain the corporate standing of the borrower (the concerned SPCs) and procuring its compliance with the special purpose undertakings.

The Loans will be on fixed interest rates (or hedged into fixed rate) for the entire loan tenure if the lease rental is fixed rate, otherwise the loan will be floating to match a floating rental. The main terms of the Loans are set out in Section 12.2.2. The SPCs will bear the expenses relating to the Loans as set out in the Loan Agreements.

18.3 – Aircraft Operating Lease (the "Lease")

Pursuant to the Lease agreement, the Aircraft Owner (SPC) will lease the Aircraft to the Airline (through Intermediary Lessor, if applicable). Under the Lease, the Airline (or the Intermediary Lessor) is responsible for the operation, maintenance, repair and insurance of the Aircraft. At the end of the term of the Lease (or early termination or expiry), the Airline (or Intermediary Lessor) is obliged to redeliver the Aircraft to the Aircraft Owner at the contracted redelivery location in at least a minimum return condition and upon payment of maintenance reserves then due, if applicable. Under the Lease, the Airline will have the obligation to make rental payments to the SPC on a periodic basis and typically the rent will be a fixed monthly amount, though some leases may have a floating rental based on an agreed reference rate.

The Leases will be a standard net operating lease whereby the Airline will be responsible for all costs, liabilities and taxes arising from the operation (maintenance, insurance, airworthiness, crewing, fuelling, regulatory compliance with regulations, air worthiness, etc.) of the Aircraft during the lease term.

The SPCs will bear the expenses required to be borne in its capacity as Owner of the Aircraft and as specified in the Aircraft Lease agreements.

18.4 – Aircraft Lease Management and Aircraft Re-marketing Agreement

The Lease Management Agreement will be between the Aircraft Lease Manager (OBAM) and the Fund or the SPC. Pursuant to the Lease Management Agreement, the Fund (or SPC) appoints the Aircraft Lease Manager as its exclusive manager to assist the Fund in the acquisition, lease management and remarketing of the Aircraft in exchange for fees as agreed in the Aircraft Lease Management & Aircraft Re-marketing Agreement (as amended).

The discretion to accept the exit option and the terms, as recommended by the Investment Manager, is vested in the Fund Management. Proceeds of the disposition of the Aircraft are distributable in accordance with the priorities set out in the Section titled “Dividend distribution” of this Prospectus.

The Aircraft Lease Manager/ Re-marketing Agent, at its absolute discretion, may delegate some (but not all) of its responsibilities under the agreement, to one or more third parties (including any affiliates of the Aircraft Lease Manager). However, the Aircraft Lease Manager shall remain responsible for the fulfilment of its obligations under the Lease Management and Re-marketing Agreement.

During any remarketing period, the Aircraft Lease Manager will refer to the Aircraft owner all offers to purchase the Aircraft that have not previously been referred to them. The Aircraft Lease Manager shall have no authority to conclude a contract of sale on behalf of the owner.

If during the remarketing period the Aircraft Lease Manager finds a buyer for the Aircraft, the Aircraft Lease Manager shall inform the Aircraft owner in writing of the details of such buyer, the remarketing price and the sale date. At such time, if the final disposition proceeds shall be equal to or greater than the amounts then outstanding from the owner under the loan agreement, the Aircraft Lease Manager shall have the option to match any offer received from a buyer. In such case, the owner shall sell the Aircraft to the Aircraft Lease Manager on a cash against delivery of title basis. The owner shall not sell the Aircraft to a buyer if, and so long as, the Aircraft Lease Manager’s own offer matches that received from such buyer.

The Aircraft Lease Management Fee is 2% of gross lease rental per Aircraft, payable on monthly basis and reimbursement of expenses. The remarketing Fee is 1% of the actual disposition proceeds per Aircraft, payable at the time of disposition and reimbursement of expenses. The SPCs will bear these fees and expenses.

18.5 – Placement Agreement

The Placement Agreement is between the Fund and OBAM. As Placement Agent, OBAM will be rendering the services for marketing the Fund to potential investors (other than the Initial Investors) for which it will receive from the Fund, a fee of 1% of the total Subscription raised by the Placement Agent and accepted by the Fund.

18.6 – Administration Agreement

The Administration Agreement will be between National Bank of Oman and the Fund. Pursuant to the Administration Agreement the Fund appoints NBO as the Administrator for the Fund. The main activities of the Administrator are set out in Section 6.5 of this Prospectus. The fee payable by the Fund is RO 51,000 per year.

18.7 – Custodian Agreement

The Custodian Agreement will be between the National Bank of Oman and the Fund. The main activities of the Custodian are set out in Section 6.4 of this Prospectus. The fee payable by the fund is RO 25,500 per year.

18.8 – Investment Management Agreement

The Investment Management Agreement will be between the Fund and the Investment Manager (OBAM). The main aspects of the Agreement are set out in Section 6.3.3.

The Fund shall pay to the Investment Manager, an annual Management Fee of 2% of gross annual lease income of the Fund (on a consolidated basis), payable on monthly basis. In addition, the Investment Manager will be paid a Performance Fee calculated at 10% of the excess return over the Hurdle Rate per year (7.5% p.a.) subject to Clawback.

18.9 – Framework Agreement

The Framework Agreement has been signed between the Fund (under formation), the Sponsor, Initial Investors and OBAM. The main aspects of the Agreement are set out in Section 3.

19 – Unit-Holders' Rights

Unit-holders Rights

All Units shall carry equal rights. All Unit-holders shall have the following rights inherent in the ownership of the Units, namely:

1. one (1) vote for each Unit;
2. to receive dividends as declared from time to time by the Fund Management;
3. to share in the distribution of the Fund's assets upon liquidation of the Fund;
4. to inspect the annual balance sheet, profit and loss statement and the Unit-holder's Register;
5. to receive notice of and the right to participate and vote in any meeting of the Unit-holders by person or by proxy; and
6. to institute actions against the Fund Management, the Investment Manager or the Auditors of the Fund on behalf of the Unit-holders.

Unit-holders who holds at least 5% of the Units may request the Fund Management to cancel any resolution adopted by the Funds Management or in the general meeting as the case may be, if such resolution is detrimental to the Fund or Unit-holders. The request shall be referred to the same body which has issued the resolution, to decide on it.

Limits of Liability

Liability of the Unit-holders for obligations of the Fund is limited only to the extent of their Subscription Amount and any undistributed profits. No Unit-holder will be obligated to make any payment in excess of its Subscription Amount for any liability or for the discharge of the obligations of the Fund.

Transfer of Units

The Units will be listed on the MSM and may be traded as per the rules of the MSM.

Ownership of Assets

The assets of the Fund will be kept separate from the assets of the Investment Manager.

General Meetings

1. The general meeting is the supreme authority of the Fund and shall comprise of all Unit-holders.
2. Every Unit-holder or his proxy carrying a written authorization may attend the general meeting and shall have one vote for every investment Unit held by him.
3. The ordinary general meeting shall be held in accordance with the Articles of Association. The extraordinary general meeting (EGM) may be held if the Fund's interest so requires or in accordance with the law or regulation or on request by a Unit holder or more who hold 10% or more of the Fund's capital.
4. Where the Fund Management fails to convene the general meeting, the Investment Manager shall convene it. Notice to attend the general meeting shall not be valid unless it also includes the agenda. Notice to attend the general meeting shall be published, after approval by CMA, in at least two daily newspapers for two consecutive days. The notice shall be sent to the Unit-holders by ordinary post or delivered by hand or to his representative after recording his signature, at least two weeks prior to the date of the meeting together with authorization form, agenda, memos and documents to be discussed in the meeting.
5. The Fund Management shall establish the agenda of the general meeting or it may be established by Investment Manager if the meeting is convened by the Investment Manager. The agenda shall also include

proposals by any Unit-holders who hold at least 5% of the capital, at least two weeks prior to the date of sending the notice to the Unit-holders to attend the meeting.

6. The general meeting shall not consider any issues that are not included in the agenda.
7. Unit-holders and proxies who hold all the Units of the Fund may hold a general meeting without regard to the rules stipulated for such meeting. The meeting may adopt any resolutions within the authority of the general meeting.
8. The ordinary general meeting shall be valid if attended by investors or proxies representing at least 50% of the units outstanding.
9. Where the required quorum is not present, a second ordinary general meeting shall be called within one month from the date of the first meeting. The notice shall be published in the daily newspapers at least one week prior to the date of the meeting. The second ordinary general meeting shall be valid regardless of the percentage of attendance.
10. The ordinary general meeting shall be held for following purposes:
    a. To elect the members of Fund Management
    b. For any other purpose as deemed fit by the Fund Management /Investment Manager.
11. The EGM shall be convened to consider the following issues:
    a. Amendment to the Articles of Association.
    b. Change of main investment objectives of the Fund.
    c. Change in the frequency of calculation of NAV or Net Realisable Value
    d. Change of the Fund's status such as a merger, spinoff or conversion or other.
    e. Dissolution and liquidation of the Fund.
12. The EGM shall be valid if attended by Unit-holders or proxies representing at least 60% of the Units.
13. Where the required quorum is not present, a second EGM shall be called within one month from the date of the first meeting. The notice shall be published in the daily newspapers at least one week prior to the date of the meeting. The second EGM shall require attendance by Unit-holders holding at least 50% of the Units. 15). The general meeting shall be chaired by the Chairman of the Fund Management Board or the Vice-Chairman and by the Investment Manager if it has called for the general meeting and if the Chairman and Vice Chairman are absent.
14. Resolutions of the ordinary general meeting and EGM shall be adopted by absolute majority.
15. The general meeting shall be chaired by the Chairman of the Fund Management or the Vice-Chairman or by the Investment Manager if it has called for the general meeting and if the Chairman and Vice Chairman are absent.
16. The general meeting shall appoint a secretary to record the minutes including deliberations, resolutions and votes. Every Unit-holder shall have the right to access the minutes.
17. The CMA may send an observer to attend all general meetings, supervise its procedures and ensure that resolutions are adopted in accordance with the law. The minutes signed by the secretary and approved by the Chairman of the meeting, auditor and the legal advisor, shall be filed with CMA within fifteen days from the date of the meeting.

Profits / Dividend

The Unit-holders are entitled to the net returns (profits) realized by the Fund after deducting all liabilities, including fees, expenses and taxes.

Dividend Announcements and Payment

Dividend and distribution announcements will be intimated to Unit-holders at their addresses registered with the Fund. Dividends will be paid to the Unit-holders in Omani Rial. In the event that the dividend payments are requested to be paid in a currency other than Omani Rial, the Administrator may, at its sole discretion agree, and perform the necessary foreign exchange transactions and any expenses incurred in connection with such transactions will be borne by the requesting Unit-holder. In such situations, Unit-holders should be aware that the value of the dividend payments may be adversely affected by fluctuations in currency exchange rates.

Unit-holders may elect in writing to receive a dividend or distribution either by cheque or payment by electronic bank transfer, net of bank charges. In absence of any instruction the dividend will be sent through cheque on the address specified by the Unit-holder.

Voting Rights

Each Unit-holder has a right to exercise a vote at any meeting of Unit-holders. Each Unit will represent one vote.

Records

The Fund will maintain records in any case for not less than ten (10) years from the Closing Date.

Indemnity

The Fund shall hold the Sponsor, the Fund Management and the Investment Manager and any of its current or former director, officer, employee, agent or representative, free and harmless against any claim or liability that they may have incurred while performing their duties, except for their respective wilful misconduct or gross negligence.

The provisions of the Capital Market Law, its Executive Regulation and any other related law shall apply in the case of the absence of another related provision in the Articles of Association of the Fund.

20 – Terms and Conditions of Subscription

20.1 – Eligibility

The subscription for the Units of the Fund shall be open to Omani and non-Omani individuals as well as to Omani and non-Omani corporate, institutions, investment funds, and pension funds. However, investment in the Units of the Fund will be on private placement basis to select investors.

20.2 – Acceptance of Subscription

The Fund may at its sole discretion, without assigning any reason, accept or reject applications for Units in whole or in part.

20.3 – Ownership Restrictions

Potential investors may apply for or purchase the Units provided that legislation or regulations in Oman and/or in their country of citizenship, residence, domicile, or incorporation permit them to do so.

20.4 – Listing and Transfer of Units

The Units will be listed on the MSM and they may be traded on the MSM.

20.5 – Application Forms for Subscription

The Prospectus and Application Forms for initial subscription can be obtained from the office of the Issue Manager.

20.6 – Subscription Price

The Subscription Price is RO 10,150 (Omani Rial Ten thousand one hundred fifty) including offer expenses of RO 150 per Unit.

20.7 – Minimum Subscription

The minimum initial subscription shall be 100 Units for each subscriber.

20.8 – Maximum Subscription

As per the relevant regulations, there is no maximum limit on the Unit-holding by a single investor, subject to a limit of RO 80 million.

20.9 – Minimum size for Subscription

The Fund will not be established and all applications received for initial subscription shall be refunded unless valid subscriptions are received for a minimum Subscription of RO 40 million during the Subscription Period.

20.10 – Subscription Period

The Subscription Period shall commence on 10th January 2016 and shall close on 8th February 2016 at the closure of the bank's normal working hours. The Issue Manager may extend the Closing Date for Subscription by up to a maximum of 30 days subject to prior approval by the CMA.

20.11 – Mode of Subscription

1. The subscribers shall be responsible for furnishing all their particulars, ensuring correctness and validity of the information provided in the Subscription Forms. The banks receiving the initial subscriptions have been instructed to accept the Application Forms that comply with all the requirements as provided for in the Application Form and in this Prospectus.

2. The subscribers shall be required, before filling the Application Forms, to carefully read the Prospectus and the terms and conditions of the subscription.

3. The subscribers shall be required to submit the complete Application Form and furnish all their particulars as required in the form, including the civil status number, Commercial Registration number in case of companies, etc.

4. The subscribers applying for Units during the Subscription Period shall be required to submit the duly filled Application Form to one of the collecting banks receiving the subscriptions (as referred to in the Prospectus) and make payment towards the value of Units as specified in the Prospectus, ensuring that all the documents in support of the information furnished referred to above are enclosed.

5. In case of payment of the value of Units being subscribed is made through cheque/demand draft or remittance, it shall be in favour of **"Oman Aircraft Leasing Fund 1"**.

20.12 – Collecting Bank

Oman Arab Bank SAOC has been appointed as 'collecting bank', authorized to receive completed Application Forms together with the value of Units subscribed during their official working hours in the initial subscription period.

The subscribers shall be responsible for submission of their Application Forms to the above collecting bank before closing of the Initial Subscription Period. In this regard, the bank shall have the right not to accept any application for subscription that is received after the official working hours on the closing date of the Subscription Period.

The bank receiving the subscription, shall be required to accept the Application Forms after confirmation of compliance with the procedure and subject matter, in line with the requirements as provided for in this Prospectus. Hence, the bank shall instruct the subscribers to comply and fulfill any requirement that may appear in the application submitted.

20.13 – Acceptance of the applications

The banks shall neither receive nor accept the application forms for initial subscription under the following circumstances:

1. The application contains more than one name of the subscriber;
2. if the Application Form does not bear the signature of the subscriber;
3. in case of failure to pay the value of the Units subscribed in accordance with the conditions provided for in the Prospectus;
4. if the value of the Units subscribed is paid through cheque and if the same is dishonored for whatever be the reason;
5. if the supporting documents referred to in the Prospectus and the Application Form for Subscription are not enclosed with the Application Form;
6. if the subscription form does not contain all the particulars of the bank account of the subscriber;
7. if any particulars of the bank account held by the subscriber as provided for in the Application Form are noted to be incorrect;
8. if the particulars of the bank account provided for in the Application Form are found to be not relevant to the subscriber;
9. in case of failure to have the Power of Attorney attached with the Application Form as provided for in this Prospectus in respect of the person who subscribes and signs on behalf of another person;

10.if any legal or regulatory requirements or any of the requirements mentioned in the Prospectus are not met.

20.14 – Anti Money Laundering

The Fund will be managed and operated in a manner which complies with the laws and regulations in force in the Sultanate of Oman including, to the extent applicable to the Fund, the CBO's relevant circulars and instructions.

"Know your Customer" and Combating Money Laundering

The Fund's Administrator reserve the absolute right to require further verification of the identity of the Unit-holder or that of the person or entity on whose behalf the Unit-holder is applying for the purchase of the Units and/or the source of funds. Each Unit Holder must provide satisfactory evidence of identity and if so required the source of funds within a reasonable timeframe determined by the Fund. Pending the provision of such evidence, application for Units will be postponed. If the Unit Holder fails to provide satisfactory evidence within the time specified, or if the Unit-holder provides evidence but the Fund was not satisfied there with, the application may be rejected immediately, in which event the money received on application, if any, will be returned without interest.

The Fund will comply with Sultanate's Royal Decree No 34/2002 promulgated on 27th March, 2002 with respect to Prohibition of and Combating Money Laundering.

20.15 – Over Subscription

If the Fund receives Subscriptions that in the aggregate exceed the Target Fund Size, then the Sponsor shall, at its sole discretion, accept Subscriptions, either fully or partially, to the extent that the final Subscription reaches the Target Fund Size and the remaining Subscriptions shall be refunded to the Investors. Sponsor's decision in this regard is final and the Sponsor will not provide any reason or basis for its decision.

20.16 – Allotment Notices and Refund of Money

The Issue Manager will submit the subscription details to the CMA within 5 (five) working days from the Closing date and shall seek approval for allotment of the Units. In case any Application is rejected, the Issue Manager shall arrange for refund of the Application money to the applicants whose Applications have been rejected. The Fund will send allotment notices to the subscribers who have been allotted Units, on the addresses as specified in their Application Forms.

20.17 – Enquiry & Complaints

In case of initial subscription, the subscribers who intend to seek clarification or file complaints with regard to the issues related to the allotment or rejected applications, may contact the collecting bank where the subscription was made. In case of absence of any response from the bank, the subscriber may contact the person concerned as hereunder:

بنك عمان العربي
OMAN ARAB BANK

Oman Arab Bank SAOC – Investment Management Group
PO Box 2010, Ruwi, PC 112, Sultanate of Oman
Phone: +968 24 754 311 Fax: +968 24 125 125
Person in charge: Sahar Kamal Al Zagha
Email: s.zagha@oabinvest.com

If the bank receiving the initial subscription fails to resolve the complaint, it shall refer the subject matter to the Issue Manager and inform the subscriber of the results. The subscriber should only remain in contact with the collecting bank receiving the subscription.

Expected time schedule for completion of the initial subscription procedures

1	Date of Approval of this Prospectus from CMA	23rd December 2015
2	Opening of Subscription	10th January 2016
3	Closing of Subscription	8th February 2016
4	Due date for the Issue Manager to receive the subscription applications from collecting banks	11th February 2016
5	Notifying CMA of the subscription result	14th February 2016
6	Approval of CMA with regard to the approved subscription applications	15th February 2016
7	Refund of the money on applications rejected	16th February 2016
8	Dispatch of the intimation letter regarding Issue of Units	16th February 2016
9	Listing of the Fund Units on the MSM	23rd February 2016

20.18 – Responsibilities & Obligations

The Issue Manager, the Collecting Bank and the Administrator, shall abide by the responsibilities and functions specified pursuant to the instructions and regulations laid down by CMA. The said bodies shall also abide by any other responsibilities that are provided for in the agreements entered into between them and the Fund.

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. The Issue Manager shall coordinate with the regulatory authorities in order to take all necessary actions and procedures in this regard.

21 – Tax Considerations

21.1 – General

Prior to making any investment in the Units, the Prospective Investors are advised to seek their own independent advice from their tax consultants, in connection with the purchase of Units following the Prospectus and the ongoing holding of Units (including the receipt of dividend, the sale or transfer or redemption of Units).

The information set out below is regarding taxation is provided by way of general information based on the tax advice received from professional firm, KPMG based in Oman.

21.2 – The Fund

The investment fund will be set-up in Sultanate of Oman, under the laws and regulations of the Oman Capital Markets Authority. Under Article 115 of the Income Tax Law 28/2009 (ITL) investment fund set up in Oman in accordance with the Capital Market Law (CML) is exempt from tax, subject to complying the conditions specified under Article 77 of the Executive Regulations (ER) of ITL. Article 77 of the ER specifies the following conditions, criteria and procedures for exempting an investment fund:

- The fund should have been established according to the provisions of the CML.
- The fund shall be legally licensed by and registered with the Capital Market Authority (CMA) to carry on the activity.
- The fund is required to make an application to the Secretariat General for Taxation enclosing its Articles of Association and documents evidencing the satisfaction of conditions required for tax exemption, and the date of commencement of activity.

Once the exemption is granted, all income earned by the fund would be exempt from tax in Oman. The income tax law does not specify a period of exemption, and the exemption should therefore be permanent, subject to the investment fund continuing to satisfy the conditions for exemption.

If the investment fund is granted exemption under the income tax law, there is no requirement to file an income tax return but the investment fund will be required to submit its annual financial statements to the Secretariat General, within six months of the end of the financial year. The investment fund must also provide the Secretariat General with any decision of the relevant competent authority to suspend its investment fund license, to cancel the license, or to cancel the investment fund's registration.

21.3 – SPC

The Business Plan included in this prospectus assumed that the SPC are/will be incorporated in jurisdictions with favorable tax laws with zero or low rates of corporate tax. The five SPCs that are already incorporated are in the Isle of Man (IOM) and based on the tax advice received from KPMG, the above SPCs will not be subject to tax in IOM. The Business Plan assume that the rest of the SPCs will be incorporated in IOM or in a tax jurisdiction where the income of the SPCs are not subject to tax or where significantly low rate of tax are applicable.

21.3.1 – Income Tax

The following are the main features of income tax in IOM.

- The standard rate of income tax for companies in the IOM is 0%. The standard rate generally applies to all forms of income received by all companies except:
  - licensed banks, which are taxed at 10% on income from their banking activities;
  - income derived from letting and development of Manx real estate, mining and quarrying, which is taxed at 10%;

  - taxable income from an IOM retail business exceeding a threshold of £500,000 per annum, which is also taxed at 10%; and
  - trading companies which have elected to be taxed at 10%.
- Genuine capital gains are not subject to income tax in the IOM.
- There are generally no withholding taxes in the IOM on the payment of interest or dividends by IOM companies.

The SPCs will carry-on the activity of aircraft leasing. As such, any income generated by this activity will be subject to IOM corporate income tax at the standard rate of 0%. The SPCs will not be required to deduct IOM withholding tax from any payments of interest or dividends made to non-IOM resident companies.

21.3.2 – Value Added Tax

The IOM is considered to be a part of the UK for the purposes of value added tax (VAT), and is therefore a member of the European Union ("EU") VAT territory (often referred to as the "single European market"). The following matters are relevant for the SPCs.

Purchase of the Aircraft

For VAT purposes, the supply of goods (including aircraft) is subject to VAT in the jurisdiction in which the goods are located at the time of their sale. Therefore, on the basis that the aircraft will be located outside of the UK/ IOM at the time of purchase by the SPC, the acquisition of the aircraft will not in itself trigger any UK/ IOM importation or VAT registration requirement. If the aircraft does not travel to and from the EU there will not be any requirement for the aircraft to be formally imported into the EU. However, an EU importation requirement may arise if the aircraft were to travel to and from the EU whilst under the ownership of an IOM company. This is explained in greater detail below.

EU Importation

In general, aircraft which are operated commercially to and from EU destinations are required to be formally imported into the EU. Therefore, if Oman Air/Lessee does choose to operate the aircraft on EU routes it will result in an importation requirement for the SPC. Aircraft which are imported into the EU are done so in the first Member State of arrival in the EU. It is unlikely that an importation of the aircraft would result in any payment of import VAT, as the commercial aviation industry is generally zero-rated across the EU for VAT purposes. Similarly, although import duty is levied on many types of goods which are imported into the EU, this is normally relieved completely by the application of a duty suspension regime called "End Use Relief". If the aircraft is formally imported into the EU, it would thereafter be considered to be in "free circulation" for VAT purposes, and it would be able to freely travel in and out of the EU with the necessary import documentation on board to evidence its VAT status.

EU Temporary Importation

Temporary Importation ("TI") is an EU importation regime which allows aircraft (and other goods) to move freely to and from the EU without the need to perform a formal importation process, subject to certain conditions being met. Two of these conditions are (1) that aircraft operating under TI must be wholly owned by non- EU persons / businesses and (2) that the aircraft are not operated commercially. On the basis that the Aircraft will be owned by an IOM company and operated commercially it will not be able to operate the aircraft under TI.

The SPC lease to Oman Air

For UK/ IOM VAT purposes a dry-lease (i.e. a lease which does not include the provision of pilot or crew) by the SPC to Oman Air is considered to be a "hire of a means of transport" within the VAT regulations. Lease agreements which last for a period exceeding 30 days are deemed to be "long-term" for VAT purposes and – in determining the place of supply – are considered to take place where the customer belongs. A short-term "hire of a means of transport" is made where the term of the lease runs for 30 days or less and is deemed to be supplied where the aircraft "is put at the disposal of the hiree". As the lease to Oman Air is expected to exceed 30 days, it would therefore be considered "longterm" for VAT purposes, and the supply would be regarded as taking place where the customer belongs, i.e. Oman.

As Oman Air is a non-EU business, the supply of the aircraft would be "outside the scope" of UK/ IOM VAT and the supply will not give rise to any VAT registration requirement of the SPC in the UK/ IOM. In the unlikely event that a "short-term" lease is put in place (i.e. 30 days or less), the supply would still be outside the scope of UK / IOM VAT provided the supply is put at the disposal of Oman Air outside the EU. If a short-term lease of the aircraft commenced while the aircraft was located in an EU Member State this could potentially create a VAT registration requirement for the SPC in that EU Member State. Despite this, the lease is likely to be subject to VAT only at the zero-rate, in any case.

Asset management agreement

The purchases by the SPC of asset management services from OBAM will be deemed to be supplied in the IOM for VAT purposes. The supply will be subject to VAT at the standard rate (currently 20%) only if the SPC is registered for VAT, or has a requirement to register for VAT (see below). If the SPC is registered for VAT, it will be required to account for VAT on these asset management fee by way of a VAT accounting method called the "reverse charge". The reverse charge is a VAT accounting procedure which requires the purchaser to account for VAT on both the purchase value of the "imported" services and the sale value of the "imported" services.

Compulsory VAT registration

The SPC will be required to register for VAT in IOM if the value of its taxable supplies in any 12 month period exceed the VAT registration threshold, which is currently £81,000. This value of taxable supplies should include services which the SPC has "imported" from outside the UK/ IOM, or has accounted for under the "reverse charge", such as the asset management services of OBAM. If the value of services supplied by OBAM exceed the £81,000 threshold, the SPC would therefore be required to register for VAT, and to account for VAT on the value of asset management services received from OBAM, by way of "reverse charge". For businesses which are entitled to reclaim VAT incurred on their purchases, the net effect of the reverse charge is VAT neutral. For a business whose VAT recovery is restricted, the reverse charge will normally result in a VAT cost. If the SPC's only supply will be the lease of the aircraft, its supplies will be entirely outside the scope of VAT and the SPC will enjoy full VAT recovery on any reverse charge it is required to apply.

Voluntary VAT registration & VAT recovery

Based on the current facts, the supply of the aircraft by the SPC will not give rise to a UK / IOM VAT registration requirement. Any registration requirement would be triggered only by the asset management services provided by OBAM (as above). However, it is possible, in certain instances, for the SPC to voluntarily register for VAT, and the main purpose for a business doing so would be to reclaim the VAT which it incurs on its costs. A classic situation in which a voluntary registration may be advisable is where a business makes supplies that are outside the scope of VAT but incurs costs which are subject to UK/ IOM VAT. Therefore, on the basis that the SPC will make supplies which are outside the scope of VAT, and the SPC will likely incur VAT on its UK/ IOM costs, it may be beneficial for it to register for VAT on a voluntary basis, in order to reclaim the VAT it incurs on its UK/ IOM costs (assuming the asset management fee did not exceed the threshold for compulsory registration).

Exemption from registration

It may also be possible for the SPC to apply to the IOM tax authority for an "exemption" from VAT registration. Exemptions from registration is generally granted to businesses whose supplies do not result in a payment of VAT to the tax authority. As this is likely to be the case for the SPC (based on its supply of aircraft being outside the scope of VAT and any potential reverse charges being recoverable), an exemption from registration should be achievable. However, it should be noted that an exemption from registration will result in any other VAT being irrecoverable, e.g. VAT is incurred on local costs. For this reason, exemption from registration may be worthwhile if there was no other VAT recovery possible, or if the level of recovery was at a level which does not merit the time/ costs.

The business plan and the financial projections have been prepared on the basis that neither the Fund nor the SPCs will be subject to tax in Oman or in the jurisdictions where the SPCs are incorporated.

22 – General Information

22.1 – Document Available for Inspection

As long as any of the Units remain outstanding, copies of the following documents will be available in English for inspection, during normal business hours on any Business Day (excluding public holiday) at the registered office of OBIC:

(i) Management Agreement with the Investment Manager; and

(ii) Articles of Association of the Fund

22.2 – Further Information

Prospective Shareholders are invited to direct any questions relating to this Private Placement Prospectus and/or the Transaction Documents to:

Oman Brunei Investment Company SAOC
P.O. Box 37, P.C. 103
Muscat
Sultanate of Oman
Tel: +968 24402900
Fax: +968 24649048

23 – Risk Factors and Mitigants

Prior to investing in any Units, the potential investors should carefully consider, together with all other information contained in this Prospectus, the considerations described below. These considerations are not exhaustive and other considerations, including some which may either not be presently known to the Fund or currently deemed as not material, may impact any investment in the Units. An investment in the Units is highly speculative and involves significant risks, including the possible loss of the entire amount invested.

23.1 – Sector Concentration and Risks relating to the Aviation Industry

The Fund will be making its investments solely in the aviation sector mainly as aircraft and related assets. Therefore the performance of the Fund and returns to Unit-holders are expected to be mainly determined by the performance and prospects of the aviation sector. Any downturn in the sector will have an adverse impact on the Fund performance.

The performance of the Fund and returns to the Unit-holders are subject to the ability of Airlines to whom the Fund leases its assets to maintain lease payments under the respective transaction documents. The following is a non-exhaustive list of the type of risks that the Airlines may encounter that may impair its ability to make such payments.

23.1.1 – Demand

The future demand for airline services is directly linked to the global economic growth and level of global economic activity. Any weakening or anticipated weakening of economic growth will adversely impact the demand for airline services and the prospects for the aviation sector.

23.1.2 – Fuel Price Volatility

Fuel costs are a critical component of the operating cost of the airlines, however, the aviation fuel prices are beyond any airline company's control. Historically, the fuel prices have witnessed both upward and downward fluctuations, the former causing huge losses and even bankruptcies in a few cases. Whilst airlines can mitigate some of the operating cost impact of fuel prices through fuel hedging strategies and imposition of fuel surcharges on base fares (if allowed by competitive pressures), the overall fuel price uncertainty remains a threat to the aviation industry.

23.1.3 – Competition

The aviation industry is characterized by intense competition whereby airline companies compete on fair levels, services, convenience and amenities provided (such as lounges and loyalty programs). Under the circumstances, airlines faces risk of lower fares and better offers from competitors which may lower its market share and impact its overall profitability.

23.1.4 – Profitability and margins

The airlines operating model is characterized by high fixed costs and low margins and as such the occupancy levels of the flights could materially affect its overall profitability. Any adverse drop in number of passengers could directly impact the airlines' cash flow thereby impacting its ability to service the lease commitments.

23.1.5 – Personnel Risk

Airlines depend upon key personnel such as pilots, engineers and cabin crew. Unavailability of skilled personnel due to various factors such as supply, strikes, etc. can effectively result in halting of the operations completely. The management and retention of quality personnel is vital for the smooth operations of the airlines.

23.1.6 – Adequacy of insurance cover in the event of disastrous loss and delays or disputes in receipt of insurance proceeds

Airlines are subject to the risk of disastrous losses resulting from accidents, terrorism activities, delays pending repair or replacement activities and claims by injured passengers or third parties. Any additional security measures faced by an airline due to terror alerts or other incidents could lead to additional unforeseen costs. Whilst airlines do maintain adequate insurance cover, such may also need to be increased leading to higher insurance premiums. All such unforeseen additional costs faced by the airlines could impact its cash flow thereby impacting its ability to service the lease commitments.

In the event of a claim, any delay or dispute in receipt of insurance proceeds will adversely affect the financial position and performance of the airline.

23.1.7 – Operations Risks

The airlines are subject to various operational risks which may be beyond its control but could have a significant financial impact. These could include labour strikes and disputes, maintenance delays, work stoppages, outbreak of a contagious disease, disruption of airport services and occurrence of natural calamity. Further, such issues could have an impact on the demand for aviation services.

23.1.8 – Regulatory Risks

The airlines industry is highly regulated with frequent changes in regulations. These could be related to air and noise pollution, fuel consumption, safety and security measures, etc. Any new regulation which has an adverse impact on the airlines' costs could impact its cash flow significantly thereby impacting its ability to service the lease commitments.

Mitigant: There risks are inherent to the Fund as it will not be in a position to diversify to other sectors. Over the long term, considering its contribution to economic activity, the aviation sector is expected to grow in line with global economic growth.

23.2 – Risks relating to the Fund Performance

The performance of the Fund is subject to certain specific risks which include, but are not limited, to the following:

23.2.1 – Asset purchase and Lease

While there are five aircraft that are ready for transfer to the Fund with their associated leases, the other transactions that are to be funded are yet to be identified by the Investment Manager. These transactions involve both identification and purchase of assets as well as their corresponding lease to airlines. If the Investment Manager is not able to complete any of these as envisaged, this will impact the deployment of the Fund's capital and the returns generated by the Fund.

Mitigant: The management team of the Investment Manager is well experienced in this sector and believes that the Fund is well positioned to carry out additional transactions.

23.2.2 – Execution of agreements and compliance with regulatory and statutory requirements

The purchase of assets by the Fund and their lease to the airlines is conditional upon the execution of various documents and compliance with the related regulatory and statutory requirements. If the Fund is unable to complete or meet these requirements in a timely manner, there is a risk that the Fund may not be able to purchase the assets and lease them as envisaged. In such case, the Fund may not be able to deploy the capital raised from Investors as per the envisaged schedule. The Fund may also incur costs and expenses and not be able to generate the anticipated revenues. These could impact the overall return to the Unit-holders.

23.2.3 – Lease Contract Risk

During the term of the asset lease agreement, the returns on the investment in the Units will depend in large part on the timely payment of lease rentals and other amounts by the airlines. Any failure or delay by the airline to comply with its payment obligations under the leases may lead to a reduction in distributions paid on the Units and/or in the value of the Units and have an adverse effect on the Fund.

In certain cases, the airlines may be forced to reschedule or terminate the leases early and under the circumstances, the ability of the Fund to re-lease aircraft on similar terms and conditions shall be dictated by then prevailing market conditions. There will still be a risk that the new lessee may fail to fulfil its obligations under the relevant lease agreement, or fail to meet its payment obligations in time.

In the event of premature termination of the lease, if the Investment Manager is not able to lease the aircraft on suitable terms to any other airline or party, the Investment Manager will have to sell the aircraft and use the proceeds to settle the outstanding loan and utilize the surplus cash to reduce some of the outstanding Capital. This could affect the overall amount of return available to the Unit-holders.

Mitigant: The Investment Manager will consider the overall position of the airline including its historical and expected performance and financial position, before proceeding with recommending an exposure to the airline.

Further, as per the normal lease terms, the airlines will pay, in advance of the commencement of the lease to the SPC, a security deposit (in the form of a standby Letter of Credit) and maintenance reserve standby Letter of Credit in respect of each asset. These provide a certain level of protection in the case of temporary delays or some shortfall in payment. However, the security deposits do not cover the full value of the Fund's obligations pursuant to the loan agreements in the event of termination of the leases or default by the airline.

In addition, while finalizing any investment, the Investment Manager considers the type of asset being funded, its estimated demand in the market, the resale value and ease of disposition/ re-lease with a view to minimize the risk arising from premature lease termination or defaults by the lessee. The ability and likelihood of the airline using the aircraft for the entire lease term will also be considered by the Investment Manager while negotiating the lease.

The lenders who provide the loan facilities to the SPC will also consider the above factors before agreeing to fund an asset. This provides a second level of assessment of the credit worthiness of the transaction in addition to the Investment Manager's assessment.

23.2.4 – Collateralisation

The loans to be entered into by the SPCs to complete the purchase of the assets will be collateralized. The loans will be secured by way of security taken over each of the assets. In the event of a default on the loan, the lenders may enforce security over the assets. Following the enforcement of security and sale of the aircraft, the remaining proceeds, if any, may be substantially lower than investors' initial investment in the Fund.

Mitigant: As mentioned in the earlier point, the Investment Manager will assess the lessee's ability to pay the lease rentals as well as the disposition value of the asset in order to minimize this risk.

23.2.5 – Transfer of SPC equity

The transfer of equity capital of the SPCs from the current owners to the Fund is subject to the owners obtaining various consents/ approvals and completion of related formalities, including those from the lenders. If the owners are not able to obtain these approvals or complete the formalities in a timely manner, the transfer of SPC equity to the Fund may not take place which will result in cancellation of the allotment of Units to the owners (against the transfer of SPC equity). This may lead to a situation where the Fund is not able to achieve the envisaged size with resultant impact on its future performance. Further, in such case, there is a risk that the Fund may not achieve the required minimum size, in which case it will lead to cancellation of the Subscription and refund of the subscription amount to investors.

23.2.6 – Compliance with Lenders' terms and conditions

One of the Lenders to the SPCs has stipulated a condition that the Fund size (Unit-holders' Equity) shall not fall below RO 40 million till such time the loans made by the Lender to the SPCs are fully repaid. In the event an airline with whom the SPC has entered into lease agreement prematurely terminates the lease and returns the aircraft to the SPC, the Re-marketing Agent / Lease Manager has to find a suitable replacement airline. If a suitable replacement airline is not identified and approved, then the Lease Manager will have to sell the aircraft in order to repay the outstanding loan and will use the surplus, if any, to reduce the Fund capital. However, if any of the other SPCs has availed a loan from the Lender and the proposed capital reduction will result in the Fund size falling below RO 40 million, then the Fund will not be able to implement such capital reduction and the surplus amounts will have to be retained in the Fund till such time the Lender is fully repaid. Such retention of surplus cash in the Fund will reduce the overall IRR to the Unit-holders.

Mitigant: A substantial portion of the Fund's assets will be on lease to Oman Air and therefore the risk of early lease termination is considered remote. Also, even if there were premature lease terminations, the Fund Manager expects to place the aircraft elsewhere on lease based on the relative popularity and demand for the aircraft.

23.2.7 – Profitability Risk

The Fund is required to meet certain costs including administrative and operating costs, irrespective of its operational performance. These costs have been estimated for the purposes of preparing the performance forecast. However, any underestimation, non-estimation, non-recognition or variations of expenses may adversely affect the margins of the Fund's investments thereby affecting the returns to the Investors. The reduction in profitability due to factors beyond control such as fuel prices could also lead to a decrease in demand for aircraft thereby affecting the future lease rates and residual value.

Mitigant: The management team of the Investment Manager includes professionals with experience in structuring and managing such transactions and believes that the relevant foreseeable costs have been considered in the forecasts.

23.2.8 – Taxation risk

The Fund, Investors, the SPCs, the Airlines and their intermediary lessees, the asset sellers and other parties are located in various tax jurisdictions and may be subject to various tax regulations. The revenues and cash flows related to the Fund and SPC transactions may be taxed or sought to be taxed under various jurisdictions. Further tax laws, rules and regulations may be changed which may lead to future liabilities. Any such unanticipated tax actions may adversely affect the Fund, its cash flows and returns to Unit-holders.

The Fund has not sought any formal or informal confirmation from the Tax Department either on the tax status of the Fund or on whether the Fund will be exempt from tax, if it is registered with CMA with certain exemptions. The business plan and financial projection included in this projection have been prepared on the basis that the Fund will be exempted from tax in Sultanate of Oman. If the Tax Department, for any reason, rejects or disputes the tax exemption claimed by the Fund, this will expose the Fund to tax demands which will adversely affect the return to Unit-holders.

Based on the tax advice received, the following are the specific risks identified relating to the taxation.

- In the event the Fund is not able to obtain tax exemption, the income of the Fund including dividends received from SPC and any gain on the transfer of the shares in the SPC, would be subject to tax in Oman.
- Transactions between the Fund, the SPC and OBAM would fall within the 'related party' tax rules, which may restrict the tax deduction in the event the Fund is subject to tax in Oman.
- Lease payments by Oman Air to the SPC would be subject to withholding tax at the rate of 10% and for the existing five leases, as per Lease Agreement, Oman Air has undertaken the responsibility of bearing the withholding tax on 'gross up" basis. In the event, the future lease agreements are not able to pass on the withholding tax burden, if any, to the Lessee, it will have a negative impact on SPCs/Fund's return.

Mitigant: The Fund has obtained inputs from its tax advisor regarding the prevailing tax impact on the Fund structure and its cashflows and has prepared the financial forecasts on this basis. Further, as per aviation industry practice, the SPCs and intermediary lessees are normally incorporated in tax jurisdictions that provide the required tax advantages for the transaction, thereby minimizing tax impacts on the return to Unit-holders. However, the risk of future changes in tax law remains.

23.2.9 – Valuation of the Assets

The Fund, through the Investment Manager, will engage on a periodic basis (as deemed necessary) throughout the term of the Fund's ownership of the relevant assets, an Independent Expert Appraiser to provide third party valuation consultancy services to the Fund and to assist it in the determination of the residual value of the Assets.

Due to the illiquid nature of the Assets, the valuation may be difficult and moreover valuations of assets for which market quotations are not readily available (as is the case for the Assets), are inherently uncertain and may fluctuate over short periods of time. The fair value will not constitute a guarantee of value and may not necessarily reflect the prices at which the Assets could be, or could have been, purchased or sold at any given time, which may be subject to significant volatility and uncertainty and depend on various factors beyond the control of the Fund, the SPC and the Independent Expert Appraiser.Therefore there can be no guarantee that the Assets could ultimately be realised at the Fund's valuation.

Calculations of the Net Asset Value of the Fund may take account of, among other things, the discounted future cash flows attributable to the leases and the interest and principal payable under the loans and ongoing operating costs of the Fund. The amount realised upon any disposal of an Asset after the termination of the relevant Lease will therefore not necessarily reflect the Net Asset Value.

The Fund will acquire the equity of 5 SPCs, which have come into existence by the time the Fund commences operations, from their current owners at the Book Value (audited) as at the Closing Date. While there is no reason to believe that the book values do not form an appropriate basis for such acquisition, there is a risk that subsequent valuations may be lower which can have a negative impact on the Net Asset Value of the Fund.

Mitigant: The Investment Manager will consider the secondary market for the Assets and their liquidity in order to minimise the risk of such fluctuations in value. Further, more than one Independent Expert Valuer may be used in order to arrive at the best estimate.

23.2.10 – Residual Value Risk

The present intention of the Fund is to sell the Asset at the end of its contract with the airline. However, the residual value of the Assets may be affected by fluctuations in the second-hand aircraft market, particularly if the prices in second-hand market drops or there is a delay in selling the Asset, and especially to the extent that any proceeds of disposition of the Asset are required to discharge any outstanding debts. Further, the airlines' maintenance routine may also affect the residual value of the Assets. Alternatively, the Fund might choose another exit strategy which might result in significantly altering the current assumptions including, but not limited to an extension of the lease with the airline.

Mitigant: The Investment Manager will consider the nature of the Asset and its anticipated demand in the second-hand market while making the investment decision. It will also consider the maintenance standards and reputation of the airline while negotiating a lease for the Asset.

23.2.11 – Indemnity risk

The Fund will provide indemnities to the bank(s) that provide the loan(s) for part financing the Aircraft being acquired. In the event any of the bank(s) invoke the indemnity, the cash flows of the Fund will be used to meet its obligations. This will adversely affect the returns to the Unit-holders.

Mitigant: The indemnities to be provided by the Fund are of a contingent nature and include, amongst other things, the right to cure lessee defaults and to service debt in the event of an early lease termination, to pay swap breakage costs, increased costs imposed in the financial markets, any taxes imposed on the financing facility. Under the indemnity, the provider (which is the Fund) is required to maintain the corporate standing of the borrower (the concerned SPCs) and procuring its compliance with the special purpose undertakings.

23.2.12 – Specialised Asset class

The Fund intends to make investment in aircraft and related assets, which are considered to be a highly specialized and emerging asset class and as such entail different market risks as compared to established asset classes. This could make the investments in such assets highly volatile and there may not be any market data or other information available that may assist investors in evaluating or tracking these assets. Further, given the highly specialized nature of investments, it may not be easy for the Fund to identify a suitable replacement to the Investment Manager.

23.2.13 – Debt Funding and fluctuations in Interest rates

The SPCs which are owned by the Fund will acquire assets for which they will avail debt financing, the availability of timely and adequate debt funding at envisaged rates, terms and conditions and covenants is crucial for the Fund to achieve its projected performance. The transaction is structured on the basis of the SPCs availing the debt at fixed rate of interest (or hedged to fixed rates). Any development that affects the debt market and the ability of the lenders such as banks to offer debt funding as per envisaged terms or any fluctuations in interest rates will impact asset acquisitions.

Mitigant: There are a number of lenders who are active in aviation sector financing and most of the aircraft acquired by airlines are financed by these lending institutions. Further, the Sponsor has already closed two transactions which has been funded by loans. Therefore, the Investment Manager believes that the terms assumed for the proposed debt funding are realistic and achievable.

As the loans are normally to be acquired at fixed rate of interest, general fluctuations in market interest rates are not expected to impact the performance of the Fund, once the lease of aircraft is completed. However, the interest rate environment will have an impact on the prospects of the Fund, as a rising interest rate environment will make it more costly for Airline to acquire aircraft thereby impacting their costs and performance.

23.2.14 – Foreign Exchange controls and Exchange rates

As the assets proposed to be acquired are high value assets, these transactions could become subject to foreign exchange controls or fund transfer controls in the various jurisdictions involved in the Fund operations. Such controls or restrictions could affect the ability to remit funds relating to asset purchases or dispositions, which will affect the Fund performance.

Further, exchange rate movements could impact the Fund performance and returns available to Investors.

Mitigant: The SPCs are usually incorporated in jurisdictions which do not place restrictions on foreign exchange or fund transfers. As the Omani Rial is pegged to the US Dollar, the Fund does not envisage any foreign exchange risks as almost all transactions of the Fund are expected to be either in US Dollar or Omani Rial. However, in the event there is a change in the US Dollar: Omani Rial exchange rate, this would impact the returns to investors. While the Fund will try to minimize the impact through suitable hedging mechanisms, these may not be fully effective and may impose additional costs to the Fund.

23.2.15 – Potential Conflicts of interest

The Investment Manager is required to dedicate such time and attention to the performance of its duties under the Investment Management Agreement as shall properly be required to discharge them. The Investment Manager may, in the future, manage other similar funds or may enter into other business activities. These could lead to potential conflicts of interest.

Service providers and their affiliates may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest.

Mitigant: The Investment Manager will put in place a formal investment policy and procedures, on the lines described in this Prospectus, in order to avoid or minimize potential conflicts of interests. Further, all major decisions relating to the Fund and the SPCs such as acquisition and funding of assets, their lease and dispositions will be examined and approved by the Board of Directors of the Investment Manager or a committee of the Board, prior to being approved by the Fund Management.

Service providers are usually licensed by their respective regulators and are which, inter alia have rules for avoidance of conflicts of interests. Each service provider will have regard to its obligations under its agreements with the Fund or otherwise to act in the best interests of the Fund, so far as is practicable having regard to its obligations to other clients, when potential conflicts of interest arise.

23.2.16 – Investment Manager team

The performance of the Fund is critically dependent on the capabilities and expertise of the Investment Manager which in turn is based on the experience and skills of its management team. The Investment Manager proposes to strengthen its team with induction of suitable additional members once the Fund is operational. Further, if the Investment Manager takes on additional work or activities in the future this may require further expansion of its team.

If the Investment Manager is not able to identify suitable personnel or any delay in this regard could affect the performance of the Investment Manager.

Further, the continuity of the existing and proposed management team is important for the Investment Manager to manage the Fund and achieve its projected performance. As the Fund has a long maturity of over 10 years and as the disposition of assets at the appropriate prices is a major factor that will determine the overall return to investors, it is essential that the Investment Manager maintains the quality and effectiveness of its management team over this period. Any difficulty in this regard, is likely to affect the Unit-holders returns.

Mitigant: The Fund Management will review the performance and management of the Investment Manager on a periodic basis. As per the Articles of Association of the Fund and the Investment Management Agreement, the Fund will have the right to replace the Investment Manager.

23.2.17 – Target returns

The target dividends and net IRR set out in this Prospectus are targets only and are not hard commitments or profit forecasts and are based on financial projections which are themselves based on assumptions regarding contract conditions with the airlines and overall market conditions and economic environment. Although the Fund and the Investment Manager consider these assumptions to be reasonable, there is no assurance that any or all of them will be achieved or the Net Asset Value of the Fund will not decrease. A variety of factors, including the occurrence of risks described in this Prospectus could adversely impact the SPC's ability to achieve its targets. Investors should not place any reliance on such target returns in deciding whether to invest in the Fund. A failure by the Fund to achieve its target returns or increase its Net Asset Value could adversely impact the value of the Units and result in a loss of all or part of an investor's investment. In addition any change in the accounting policies, practices or guidelines relevant to the Fund and its investments may reduce or delay the distributions received by the investors.

23.2.18 – Liquidity of Units Risk

The Fund is closed-ended and its Units will be listed on the MSM. Given the nature of the Fund, the Fund Management does not anticipate the availability of an active secondary market. Hence, it may not be easy for an Investor to promptly liquidate his investment at a reasonable price.

The Fund will not offer any facility to individual Unit-holders for re-purchase of their Units by the Fund. Further, the Fund may reduce its capital on pro-rata basis across all Unit-holders as and when it has adequate surplus cash balance. The Fund is expected to have such surplus cash balance only at the time of sale of investments in Aircraft, which is expected to occur only towards the end of the life of the Fund.

23.2.19 – Market or Country Risk

There might arise certain issues such as political changes, social instability, diplomatic issues, etc. which are beyond the Investment Manager's control and which could adversely affect the value of the Assets. The Investment Manager will not be expected to obtain any insurance against political risk.

Additionally, it may be possible that the Government of Oman may restrict foreign investment in certain sectors, such as aviation. Even though the Prospectus mentions the countries which have no restriction to invest in the Fund, there is no guarantee that this policy of liberalization will continue and any reversal could have an effect on the Fund's operations and exit strategies. Further, the Fund will be subject to applicable local laws and jurisdictions of Oman. It should be noted that Omani Laws may be very different from laws applicable in countries of foreign investors and Investors are assumed to have known and accepted the Omani Law.

Further, there could be changes in the laws, rules and regulations that govern the Fund and its investments. Such changes could impact the investor and the returns available to them.

By acquiring the Units, each Unit-holders will be deemed to have acknowledged the existence of any actual and potential conflicts of interest set forth herein and to have waived any claim with respect to any liability arising from the existence of any such conflict of interests.

The foregoing risk factors and potential conflicts of interest do not purport to be a complete explanation of all the risks and potential conflict of interest involved in this offering. Prospective shareholders should read this Prospectus and all related documents in their entirety before determining whether to invest in the Units.

24 – Undertakings

24.1 – Oman Aircraft Leasing Fund 1 (Under Formation)

The members of Fund Management of the Fund jointly and severally undertake as hereunder:

1. The information furnished in this Prospectus is complete, correct and sound, and necessary care has been taken to avoid omission of any material facts or information that may have made the expressions in the Prospectus misleading.
2. To abide by all the provisions set out in the Capital Market Law and the applicable regulations.

On behalf of Fund Management
Oman Aircraft Leasing Fund 1 (Under Formation)

Sd/-
Mr. Abdullah Al Harthy

Sd/-
Eng. Abdulaziz Saud Al Raisi

24.2 – Issue Manager

In accordance with the responsibilities prescribed by Article 13 of the Executive Regulations of the Capital Market Law issued under Ministerial 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 Units of the Fund.

The Sponsor is responsible for the authenticity of the information contained in the Prospectus, and they have confirmed that no material information has been omitted, the omission of which would render this Prospectus misleading.

We confirm that we have taken all necessary due care as required by the profession with regard to the Prospectus that has been prepared under our supervision.

1. We have taken necessary and reasonable care in ensuring that the information furnished to us by Oman Aircraft Leasing Fund 1 (Under Formation) and that contained in the Prospectus is consistent with the facts available in the documents and material pertaining to the Issue.
2. On the basis of our perusal and information made available to us by the Fund, it is hereby confirmed that the Fund 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 information contained therein are consistent with all the rules and conditions governing transparency as provided for in the Capital Market Law and relevant regulations and applicable specimen Prospectus available with the CMA.
4. The data and information presented in the Prospectus are correct, reasonable and adequate as per our perusal to assist the investor in taking an appropriate decision whether or not to invest in the Units issued for the Subscription in accordance with the rules and conditions governing the transparency.

On behalf of
Oman Arab Bank SAOC - Investment Management Group

Sd/-

Issue Manager

24.3 – Legal Adviser

The legal advisor whose name appears below confirms that all the procedures undertaken in respect of the offering of the Fund's units referred to in the Prospectus are consistent with the provisions of the laws and regulations relating to the activities of the Fund, the Capital Market Law and the Regulations and Directives issued thereunder and the Articles of Association of the Fund and that the Fund has obtained all the official licenses and approvals necessary for undertaking the activities set out in the Prospectus.

Curtis, Mallet-Prevost, Colt & Mosle, Llp

Sd/-

Legal Advisor