



# SOHAR FREEZONE LLC GUIDANCE NOTE

## 'From Prospect to Freezone Working Company'

At SOHAR Freezone, we strive to have clear and transparent business processes. This guidance note informs prospective clients what steps will have to be taken (in most cases jointly) to become a client of the Freezone: the SOHAR Freezone Working Company.

### **Step 1: Submit a complete Plot Application Form**

A good start is half the work. Therefore, submitting a complete and correct Plot Application (including the requested annexes) is very important. We require the PAF for several approvals, our commercial proposal and due diligence. A reference to the PAF is made in the eventual Land Lease Agreement. We regularly update the PAF format so please make sure that you have the most recent one.

### **Step 2: Agreement on the Commercial terms**

Before our One-Stop Shop department starts obtaining the required pre-contract clearances we require an agreement on the commercial terms, basically the land lease price (USD/m<sup>2</sup>/year) and the contract term. This is to avoid unnecessary deployment of resources with all parties involved.

### **Step 3: Pre-contract clearances**

For Industrial projects, we always seek a No Objection Letter (NOL) from the Ministry of Environment and Climate affairs (MECA) in the pre-contract phase. This NOL is not the final clearance for the project, but a statement from MECA that there is no principal objection to the project and that the project can be realized under good management and international best practices. Process time is one week.

For large power and/or water consumers, we seek principal acceptance from the Utility companies. Although SOHAR Freezone has secured large quantities of power and water, we introduce large consumers to the utility companies in the pre-contract phase. SOHAR Freezone will coordinate the meetings and the subsequent application process until the connection is realized. Eventually, the utility companies will bill directly to SOHAR Freezone Working Companies.

### **Step 4: Due diligence**

Due diligence will be performed on the main shareholders/promoters of the proposed Freezone Working Company. For stock listed companies this will be quite basic and therefore quick. For individual promoters we look for background, past projects and clients. Maximum process time is one month.



### **Step 5: Plot selection and approval of the Plot Application**

Although plot options will have been discussed before, at this stage we require to select the definitive plot size and location. Once selected, our technical department will issue the final plot plan with all technical data of the plot and the surrounding infrastructure.

### **Step 6: Payment of first quarter lease, incorporation and license fees**

At this stage we request payment of the first quarter lease (regardless of the effective date of the contract), as well as the incorporation and license fees. See our tariff for these fees.

### **Step 7: Incorporation of the Freezone Working Company**

The Land Lease Agreement will be signed between the SOHAR Freezone Authority and the new SOHAR Freezone Working Company. Incorporation of this new company prior to contract execution is therefore a must. Incorporation includes registration with the Ministry of Commerce and Industry (MoCI), membership of the Oman Chamber of Commerce and Industry and as issuance of the Freezone license. Documents required are the constitutive contract, specimen of signatures, original commercial registration and articles of association of the foreign shareholders, a board resolution from each shareholder approving the investment and passport copies. Please note that foreign documents will have to be notarized and attested. SOHAR Freezone will guide the process and has formats and a separate checklist available. Chamber membership can be done straight after MoCI registration as well as the issuance of the Freezone license. On average the Incorporation process takes one month, however this depends largely on the preparation of the correct documentation by the client.

### **Step 8: Signing of the Land Lease Agreement**

A draft of the very comprehensive Land Lease Agreement (LLA) will have been circulated in an earlier phase, including the separate terms and conditions. Normally we will aim to organize a signing event to commemorate this important moment.

However if a joint signing is difficult the document can be signed by circulation. Once signed, you are officially a SOHAR Freezone Working Company and our One-Stop Shop department will take over the account management from Commercial and kick-off the various pre-construction clearances. For this we refer to our guidance note 'From Contract to Groundbreaking'.