

Riyad REIT

## صندوق "الرياض ريت"

A Closed-Ended Real Estate Traded Fund listed in the Saudi Capital Market (CMA)

Riyad Capital

The Fund Manager

Value Capital

The Custodian

The registration and listing of Riyad REIT units have been approved by the Capital Market Authority (CMA) on 08 Safar 1438H, corresponding to 08 November 2016 and the Terms and Conditions have been updated on 08 Dhul Hijah 1446H, corresponding to 04 June 2025.

Current Capital of the Fund: SAR 500,000,000

Current Size of the Fund: SAR 690,000,000

Target Capital of the Fund: SAR 1,633,000,010

Target Size of the Fund: SAR 1,753,000,000

Number of Offered Units: 121,697,101 new units

Number of Offered Units against In-kind Subscriptions: 93,326,791 new units

Number of Offered Units against Cash Subscriptions: 28,370,310 new units

Target Offering Price: SAR 9.31

The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective subscribers of the units offered hereby should conduct their own due diligence on the accuracy of the information relating to the units. If you do not understand the contents of this document, you should consult an authorized financial advisor.

Riyad REIT has been certified as a real estate investment traded fund that is Shariah compliant by the Shariah Board appointed for the real estate investment traded fund.

We advise those wishing to purchase units in the Riyad REIT Fund to carefully read and understand these terms and conditions and other Riyad REIT documents. If you are unable to understand the contents of these terms and conditions, we recommend seeking advice from a licensed financial advisor. An investor's investment in the Riyad REIT Fund constitutes their acknowledgement that they have read and accepted these terms and conditions.

## Important Notice

These Terms and Conditions contain detailed information related to Riyadh REIT (the "Fund") and offering its units for increasing the Fund's capital from the current capital of the Fund -SAR 500,000,000- to the Fund's target capital of SAR 1,633,000,010. Therefore, the investors will be treated when purchasing the Fund's units to have relied only on the information in these Terms and Conditions. Copies of the same are available on the website of the Saudi Capital Market Authority ([www.cma.org.sa](http://www.cma.org.sa)), the website of Riyadh Capital ([www.riyadcapital.com](http://www.riyadcapital.com)), and the website of the Saudi Stock Exchange ("Tadawul") ([www.tadawul.com.sa](http://www.tadawul.com.sa)).

Potential investors should read these Terms and Conditions entirely before purchasing the Fund's units. Investment in the Fund involves some medium -level risks. Therefore, it may not be suitable for all investors. Investors should be ready to accept the risks related to investing in the Fund.

These Terms and Conditions have been prepared by Riyadh Capital ("Fund Manager"), a closed joint stock company with paid-up capital of SAR 500,000,000, and registered under Commercial Register No. 1010239234, a capital market institution licensed by the Capital Market Authority of the Kingdom of Saudi Arabia ("CMA") in 2008 under License No. 07070-37. These Terms and Conditions have been prepared in accordance with the provisions of the Real Estate Investment Funds Regulations issued by CMA under Decision No. 1-193-2006 dated 16.09.1427H (corresponding to 15.07.2006) under the Capital Market law promulgated by Royal Decree No. M/30 dated 02.06.1424H (corresponding to 31.07.2003) ("Real Estate Investment Funds Regulations").

These Terms and Conditions contain the information that have been submitted in compliance with the requirements of registration, offering and listing of units in the Saudi Market in accordance with the Real Estate Investment Funds Regulations.

Riyadh REIT was listed on 13.11.2016. The Fund capital increase has been approved by CMA on Wednesday, 28.02.2018 and by unitholders on Sunday, 18.03.2018. These Terms and Conditions have been prepared for investors' considerations of investment in the Fund through subscription to the units to increase the Fund's capital as stipulated under these Terms and Conditions. These Terms and Conditions shall not be used for any other purpose.

The Fund Manager is fully responsible for the accuracy of information mentioned in these Terms and Conditions and confirms, based on available information and having conducted reasonable and possible investigations, that no facts have been implied or omitted in these Terms and Conditions, which may render any data therein misleading. The investors should not consider the opinions of the Fund Manager on this information as a recommendation for purchase of units in the real estate investment traded fund.

CMA shall not be liable for the contents of these Terms and Conditions and makes no warranties in connection with the accuracy or completion of the information therein. In addition, CMA shall not be liable for any financial loss arising from any item in or any reliance on these Terms and Conditions.

Potential investors should consult their authorized representatives, including accountants and legal consultants, in legal, Zakat and all other matters related to the real estate investment traded fund or investing therein.

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## 2. Glossary of Terms Used in the Terms and Conditions:

**“Management Fees”** means the management fees paid by the Fund to the Fund Manager, equal to 1.2% of the net asset value of the Fund (as defined in these Terms and Conditions). The management fees will be calculated and paid on a semiannual basis by the end of each Gregorian calendar half.

**“Dealing Fees”** means the dealing fees paid by the Fund to the Fund Manager at 1% of the purchase or sale price of each real estate asset that is purchased or sold by the Fund in return of the Fund Manager making necessary verification, negotiating the terms of purchase or sale and completing the process. The dealing fees will be paid after completion of the purchase or sale of each real estate asset.

**“Custodian Fees”** means the fees paid by the Fund to the Custodian in the amount of SAR 100,000 annually. The custody fees will be calculated and paid on a semiannual basis by the end of each calendar half.

**“Net Asset Value of the Fund”** means the total asset value of the Fund less any fees or charges due and payable by the Fund.

**“Custodian”** means a capital market institution licensed by CMA of whom the real estate assets of fund are registered under his name.

**“Economies of Scale”** means the availability of a base of wider scale to bear and distribute such costs and charges and, hence, give the Fund a preferential negotiation position with different service providers of the Fund.

**“Zakat, Tax and Customs Authority”** means the Zakat, Tax and Customs Authority of the Kingdom of Saudi Arabia (formerly known as Zakat and Income Tax Department).

**“Sharia’a Committee”** means the Sharia’a Committee affiliated to the Fund Manager.

**“Unit”** means any unit of the Fund.

**“New Units”** means 121,697,101 new units that will be offered to increase the Fund capital from SAR 500,000,000 to SAR 1,633,000,010.

**“Remaining Units”** means the units that are not subscribed to under the offering subject matter of these Terms and Conditions.

**“Fund Capital”** means the total amounts of subscriptions of the unit holders in the Fund.

**“Fund Size”** means the total amounts of subscriptions of the unit holders in the Fund in addition to the total loan’s payable by the Fund.

“Subscription Request” means the request whereby the investor has become a unit holder in the Fund.

“Offering” means the public offering for sale of the units in accordance with these Terms and Conditions.

“Related Party” means either:

- a. The Fund Manager;
- b. The Custodian;
- c. The Development Company;
- d. The Real Estate Manager;
- e. Any valuer appointed by the Fund to assess the Fund's assets;
- f. The Auditor of the Fund;
- g. **The Fund's Board Members;**
- h. Any unit holder whose ownership exceeds (5%) of net assets of the real estate investment traded fund;
- i. Any person affiliate to or having control of any of the persons named above or any executive directors or employees of any such parties above.

“Business Day” means any day on which banks are open for doing business in Kingdom of Saudi Arabia.

“Capital Market Institution Regulations” means the regulations that bear the same name issued by CMA under Decision No. 1-83-2005 dated 21.05.1426 H, corresponding to 28.06.2005, as amended or re-enacted and enforced from time to time.

“Real Estate Investment Funds Regulations” means any of the regulations that bear the same name, as issued by CMA under Decision No. (1-193-2006) dated 19.06.1429H (corresponding to 15.07.2006) as amended, re-enacted or supplemented from time to time.

“Public Unit Holder” means any unit holder that is not: (a) Any unit holder of five percent (5%) or more of the Fund units; (b) the Fund Manager and its Affiliate; and (c) A Board Member of the Fund.

“Subscription Amount” means the amount that a unit holder contributes to when subscribing to the Fund offering.

“Kingdom” means the Kingdom of Saudi Arabia.

“Unit Holder” means any investor that invests or owns one or more of the Fund units.

“Fund Manager” means Riyadh Capital.

“Fund Term” means the term of the Fund, being 99 Gregorian years.

**“Allocation Eligible Persons”** means the unit holders registered in the register of unit holders in the Fund with the Securities Depository Center by the end of the second trading day preceding the date of the unit holders’ meeting to be held for Approval of Capital Increase and Approval of the Terms and Conditions for Increase of Fund Size.

**“Allocation Effective Date”** means the end of the second trading day preceding the date of the unit holders’ meeting to be held for Approval of Capital Increase and Approval of the Terms and Conditions for Increase of Fund Size.

**“Target Offering Price”** means the price that is equal to the average closure price of 30 trading days of the Fund Units preceding the date of CMA approval of the increase of Fund capital of SAR 9.31 per unit.

**“Eligible Investors”** means the investors who are entitled to subscribe to the Fund under relevant laws.

**“Companies Law”** means the Saudi Companies Law, promulgated by Royal Decree No. m/6 of 1385 H, as amended under Saudi Royal Decree No. M 3/1437 dated 28.01.1437 H.

**“Fiscal Year”** means the period from 1 January to 31 December of each calendar year.

**“Lease Revenues”** means the total revenues generated from lease contracts.

**“Operating Revenues”** means the total revenues generated from the property’s operation contracts.

**“Net Lease Income”** means the total revenues of property lease less all costs of lease, including the management, maintenance and marketing of the property.

**“Net Income of Operation”** means total revenues of operation less all operating costs of the Real Estate.

**“Total Annual Revenue of the Property (s)”** means total revenues of lease and revenues of operation divided by the purchase value of the property or the target construction cost of the Real Estate.

**“Net Annual Revenue of the Real Estate(s)”** means net income of lease and net income of operation divided by the purchase value of the Real Estate or the target construction cost of the Real Estate.

**“Subsequent Subscription Period”** means any extension of the subscription period in the Fund for 5 business days.

**“Subscription Period”** means the period of investors’ subscription in the Fund with cash subscriptions for 10 business days (14 calendar days), starting from [01.04.2018], corresponding to [15.07.1439 H] through [12.04.2018], corresponding to [26.07.1439 H].

**“Net Profits of the Fund”** means the periodical profits generated from the operation and lease of the property after administrative, banking and general deductions, depreciation, financial costs and Tax withholdings, and excluding capital gains or losses generated from the sale of real estates or other investments. Net profits exclude all charges, expenses and costs related to the projects under construction, which are capitalized on the costs of projects until their development is complete, including a share of the management fees in the value of under construction projects calculated as follows (value of projects under construction / net asset value of the Fund \* management fees)

**“Fund”** means Riyadh REIT.

**“SAR”** means Saudi Arabian Riyal, the official lawful currency of the Kingdom of Saudi Arabia.

**“Riyad Capital”** means the Fund Manager, a “capital market institution” under License No. 07070-37 issued by CMA.

**“Terms and Conditions”** means these Terms and Conditions.

**“Special-Purpose Vehicle”** means the company that is incorporated by the Fund Custodian to retain ownership of the Fund assets.

**“Listing Date”** means the date of listing of the Fund units in Saudi Stock Exchange.

**“Tadawul”** means the Saudi Stock Exchange.

### 3. Fund Manual:

<p>Name of the Fund</p>	
<p>Fund Manager</p> <p>Riyad Capital Head Office 2414 AlShohada District, Unit 69 Riyadh 13241-7279 Kingdom of Saudi Arabia Tel: +966 92001 2299 www.riyadcapital.com</p>	
<p>Recipients</p> <p>Riyad Capital Head Office 2414 AlShohada District, Unit 69 Riyadh 13241-7279 Kingdom of Saudi Arabia Tel: +966 92001 2299 www.riyadcapital.com</p>	
<p>Recipients</p> <p>Riyad Bank 2414 AlShohada District, Unit 69 Riyadh 13241-7279 Kingdom of Saudi Arabia Tel: +966 92000 2470 www.riyadbank.com</p>	
<p>Recipients</p> <p>Al Rajhi Bank Head Office Al Olaya P.O. Box: 87171, Riyadh 11642 Kingdom of Saudi Arabia</p>	

<p>Tel: +966 11 460 3333</p> <p>www.alrajhibank.com</p>	
<p>Recipients</p> <p>Al Ahli Bank</p> <p>Head Office Al-Baghdadiyah</p> <p>P.O. Box: 12978, Jeddah 21483</p> <p>Kingdom of Saudi Arabia</p> <p>Tel: +966 92000 1000</p> <p>www.alahli.com</p>	
<p>Recipients</p> <p>Banque Saudi Fransi</p> <p>Head Office Al Maazer</p> <p>P.O. Box: 1290, Riyadh 11431</p> <p>Kingdom of Saudi Arabia</p> <p>Tel: +966 92000 0576</p> <p>www.alfransi.com.sa</p>	
<p>Saudi Capital Market Authority (CMA)</p> <p>CMA Headquarters</p> <p>King Fahad Road</p> <p>P.O. Box: 87171</p> <p>Riyadh 11642</p> <p>Tel: +966 11 205 3000</p> <p>info@cma.org.sa</p>	
<p>Saudi Stock Exchange (Tadawul)</p> <p>King Fahad Road - Al Olaya 6897</p> <p>Unit No. 15</p> <p>Riyadh 12211-3388</p> <p>Kingdom of Saudi Arabia</p> <p>Tel: +966 11 218 9999</p> <p>Fax: +933 11 218 9133</p>	

www.tadawul.com.sa	
<p>Auditor</p> <p>PKF Al Bassam &amp; Al Nemer Allied Accountants  AI Bandariya Center, 408  Prince Faisal bin Fahad Rd., Al Bandriya  District  P.O. Box: 11557  Al-Khobar 31952  Kingdom of Saudi Arabia  Tel: +966 11 533 3206  www.pkf.com</p>	
Property Valuers	
<p>ValuStrat</p> <p>Riyadh  Kingdom of Saudi Arabia  Tel: +966 11 293 5127  https://valustrat.com</p>	
<p>JLL</p> <p>P.O. Box: 2091  Riyadh 12211  Kingdom of Saudi Arabia  Tel: +966 11 218 0303  www.jll-mena.com</p>	
<p>Barcode Company Ltd.</p> <p>P.O. Box: 8832  Riyadh 11492  Kingdom of Saudi Arabia  Tel: +966 11 400 0111</p>	

<p>www.barcode-sa.com</p>	
<p>Knight Frank</p> <p>King Abdulaziz Road Riyadh, Kingdom of Saudi Arabia Tel: +966 11 289 0776 www.knightfrank.com</p>	
<p>Valley Real Estate Valuation Company</p> <p>Riyadh Saudi Arabia Tel: +966 11 92000 9518 www.valie.sa</p>	
<p>Abaad Advanced Real Estate Appraisal Company</p> <p>Jeddah Saudi Arabia Tel: +92000413496611 www.sa-abaad.com</p>	
<p>Services Design Technology.</p> <p>Prince Mohammed Ibn Abdulaziz Road Riyadh, Kingdom of Saudi Arabia Tel: +966 11 465 2276 www.sdtconsultant.com</p>	
<p>Engineering Consultant</p> <p>Noon National Contracting and Construction</p>	

<p>Al Olaya Road Riyadh, Kingdom of Saudi Arabia Tel: +966 9200 0898 www.nnc.sa.com</p>	
<p>Legal Consultant  Mohammed Ibrahim Al Ammar Legal Consultants (In cooperation with King &amp; Spalding LLP) Kingdom Road, 20th Floor King Fahad Road P.O. Box: 14702 Riyadh 11434 Kingdom of Saudi Arabia Tel: +966 11 466 9400</p>	
<p>The Custodian  Value Capital Al Nafal Neighborhood - King Abdulaziz Road P.O. Box. 395737 Riyadh 11375 Kingdom of Saudi Arabia Tel: +92 0000 757 www.valuecapital.sa</p>	
<p>Property Managers</p>	
<p>Trust Partners King Faisal Road P.O. Box: 332 Dammam 31411 Tel: 5335 834 013</p>	
<p>Star Link Real Estate Prince Sultan St., P.O. Box 020179 Jeddah 21413 Tel: +966 12 660 5675</p>	

This document contains (“**Terms and Conditions**”) the terms and conditions of Riyadh REIT (“**Fund**”), a closed-ended real estate investment traded fund established in the Kingdom of Saudi Arabia (“**Saudi Arabia**” or “**Kingdom**”) under the Real Estate Investment Funds Regulations issued by CMA, and managed by Riyadh Capital (“**Riyad Capital**” or “**Fund Manager**”), being an “capital market institution” under CMA License No. 07070-37. The Fund is listed in Saudi Arabian Riyals and traded in the Saudi Stock Exchange (Tadawul) subject to the consent of the Saudi Capital Market.

#### 4. Summary of the Offer:

Fund Name and Type	Riyad REIT It is a closed-ended real estate investment traded fund.
Fund Manager	Riyad Capital
Custodian	Value Capital
Fund Objectives	The main investment objective of the Fund is to secure a recurring income to unit holders by investing in constructively-developed real estates that generate periodical lease income with main presence in the Kingdom of Saudi Arabia. The Fund intends to finance the costs of acquisition and operation through the subscription amounts and Sharia'a- <b>compliance finance in addition to returns from the Fund's</b> investments.
Fund Currency	Saudi Riyal
Fund Term	The Fund Term is 99 Gregorian years starting from the date of listing of the units in Saudi Stock Exchange (“Listing Date”)
Target Distributions	The Fund Manager aims to distribute annual cash dividends to investors at a minimum of 90% of the Fund's net profits within 90 calendar days of each calendar year, with the exception of capital gains resulting from the sale of real estate assets, which are reinvested in additional assets for the benefit of unitholders.
The Management Fees	The management fee is 1.2% of the net asset value of the Fund (as defined in these Terms and Conditions). The management fee is calculated and paid semi-annually at the end of each calendar half year.



of investment is identified within the said period, the amounts that are more than 25% of total asset value of the Fund will be distributed to the investors within 30 business days from the end of the said six-month period.

9. A Summary of the Fund’s Strategies:

The main goal of the Fund is to achieve stable and growable cash distributions to unit holders by investing in constructively-developed real estates that can generate an operating lease income and distribute periodical cash amounts to unit holders. The Fund intends to achieve growth of distributions through (a) re-investing the retained income of feasible real estate investment assets having distributed at least 90% of net profits of the Fund annually during the Fund Term within 90 calendar days of each Gregorian year, except for the capital gains generated from the sale of real estate assets, (b) potential increase of capital arising from the improvement of return levels, and (c) optimal utilization of the unexploited real estate. In addition, the Fund targets to increase value and returns by improving the net operating income by partially reducing expenses by capitalizing on the concept of economies of scale (as defined in the Definitions above). The Fund intends to follow active management approach with regard to multi-tenant real estates with different rental durations. The Fund collaborates with experience houses and strategic partners in real estate operation and lease seeking to achieve utmost returns of the Fund and continually occupy the real estate in the best interest of the Fund and unit holders.

a. A table illustrating the fields of investments that the fund will be investing in, stating the minimum and maximum of the investment percentage:

The Fund will carry out its investments in line with these Terms and Conditions. The Table below indicates to the percentages of the Fund's investments in terms of the total value of the Fund's assets:

Type of Investment	Allocation Percentage
- Real estate investments (income-generating assets) in the hotel, office or commercial sectors (excluding those located in Makkah or Medina).	- of at least 75% of the total value of the Fund assets <b>and up to 100% of the total value of the Fund’s</b> assets, according to the latest audited financial statements.

<ul style="list-style-type: none"> <li>- Real estate development activities (excluding those located in Makkah or Medina).</li> <li>- Murabaha transactions and other short-term investments. These investments can be carried out with the Fund Manager or any bank supervised by SAMA, including Riyad Bank.</li> <li>- The shares of real estate companies and real estate funds listed in the Saudi Stock Exchange.</li> <li>- Publicly or privately offered investment funds managed by the Fund Manager or any other investment fund manager supervised by CMA, including Money Market, trading and real estate funds and Private Equity funds that invest in the RE sector.</li> </ul>	<ul style="list-style-type: none"> <li>- do not exceed <b>25% of the total value of the Fund's</b> assets according to the latest audited financial statements. The Fund may invest more than the percentage stated in Murabaha transactions and other short-term investments.</li> <li>- If the Fund sells any of its real estate assets. And the proceeds of sale give rise to the cash amounts, Murabaha transactions and other short-term investments exceeding 25% of the total value of the Fund's assets according to the latest audited financial statements, the Fund Manager must determine an appropriate chance for investing the surplus within a period not exceeding 6 months from the Real Estate sale date. If this is not determined, the Fund Manager will distribute the surplus exceeding 25% of the total asset value of the Fund to the investors within 30 days from the end of the said 6-month period.</li> </ul>
<ul style="list-style-type: none"> <li>- Real estate investments outside the Kingdom of Saudi Arabia</li> </ul>	<ul style="list-style-type: none"> <li>- Investment in these investments shall not exceed <b>25% of the Fund's total value, as stated in the</b> most recent audited financial statements.</li> </ul>

**b. Description of the Types of Real Estate Assets to be Invested by the Fund:**

The Fund Manager will acquire and sell the real estate assets that follow the Fund's investment strategy. It is targeted to acquire and retain a real estate investment portfolio comprising of different sectors such as hotel, office and commercial sectors all over and outside the Kingdom (subject to the restrictions on investment in real estate outside the Kingdom) by adopting a variety of strategies, including:

- Acquisition of viable income-generating properties;
- Acquisition of income-generating properties that are not optimally operated or leased:

c. A detailed statement of the real estate assets to be owned:

The Fund will invest primarily in constructively-developed real estate assets that can generate a periodical income. However, it may have investments in real estate development projects by a percentage not exceeding 25% of the total value of the fund's assets, according to the last audited financial statements, whether real estates are owned by it or not, or to restore or re-develop such real estates, provided that the Fund investments shall be at least 75% of the total value of the Fund assets in constructively-developed real estate assets that can achieve a periodical income according to the latest audited financial statements, and (b) the Fund shall not invest in Idle lands. The current investment portfolio of the Fund consists of the following properties:

- Izdhar Center.
- Vivienda Hotel, Musa Ibn Nussir Street.
- Fursan Commercial & Hotel Towers.
- Almutamiz Center.
- The Residence Commercial & Hotel Building.
- Shati Commercial, Office and Hotel Tower.
- Ascott Corniche Al-Khobar.
- Ascott Tahlia Hotel, Jeddah.

d. A schedule of the following information for each real estate:

Assets of the Fund before the capital increase:

Current Geographic Distribution of the Fund before the capital increase



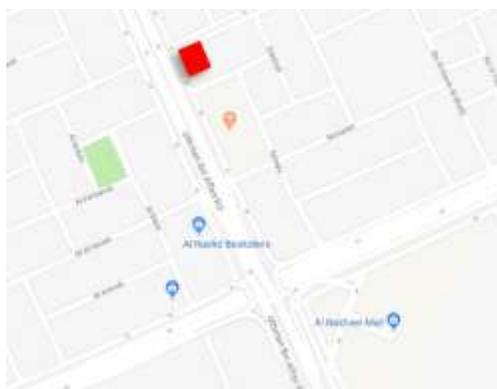
Information about the Fund's Real Estates		
<b>Owner's Name</b>	Riyad REIT	
Property's Name	Izdhar Center	
Type	Commercial	
Location	Othman Ibn Affan Road, Al Izdhar District, Riyadh	
Utility	Commercial	
Land Area	2,506 sq. m.	
Building Area (according to the building permit)	6,431 sq. m.	
Number of Floors and Units	Ground Floor + Commercial Mezzanine (7 Show rooms) + 2 Office Floors (17 Offices)	
Property's Building Year	2015	
<b>Real Estate's Age</b>	Two years	
Number of Lease and Operation Contracts	17 lease contracts	
<b>Real Estate's Purchase Value</b>	38,000,000 SAR	
Names of Valuers	Barcode and Colliers.	
Date of each valuation report	Barcode's Report: 10/12/2015. Colliers' report: 12/20/2015.	
Valuation Value	Barcode's valuation 39,700,588 SAR. Colliers' valuation 39,000,000 SAR.	
Average valuations	39,350,294 SAR.	
Details of Lease and Operation Contracts		
Major Tenants and Operators	Opal Medical Company (accounting for 32.3% of total lease revenues, expiring on April 2026) Al Nahdi Pharmacy (accounting for 16.3% of total lease revenues, expiring on February 2021) Khafif Trading Co. Ltd. (accounting for 13.7% of total lease revenues, expiring on March 2021)	
Number and Terms of Lease Contracts	Terms of Contracts	Number of Contracts
	Lease contracts of which the remaining period exceeds five years	1 (accounting for 32.3% of total rents)
	Lease contracts with remaining periods ranging from one to four years	13 (accounting for 60.7% of total rents)
	Lease contracts the remaining period of which is less than a year	3 (accounting for 7.0% of total rents)

Average remaining period of the contracts	3.7 years			
Current Operational Performance		Target Operational Performance		
	(2017)	(2018)	(2019)	(2020)
Total Lease Revenues	3,419,482SAR	3,524,000SAR	3,524,000SAR	3,524,000SAR
Net Lease Income	3,234,679SAR	3,301,000SAR	3,301,000SAR	3,301,000SAR
Occupancy Percentage of the Commercial Part	94%	100%	100%	100%
Total Operating Revenues	None	None	None	None
Net Operating Income	None	None	None	None
Occupancy Percentage of the Hotel Component	None	None	None	None
Net Lease and Operating Income	3,234,679SAR	3,301,000SAR	3,301,000SAR	3,301,000SAR
Total Annual Revenue of the Real Estate	9.00%	9.27%	9.27%	9.27%
Net Annual Revenue of the Real Estate	8.51%	8.69%	8.69%	8.69%
<b>Previous Years' Rent and Operation</b>	Year		Rent	
	2016		3,207,524SAR	
	2015		None	
<b>Real Estate's Location Map</b>				
				

Information about the Fund's Real Estates				
<b>Owner's Name</b>	Riyad REIT			
<b>Property's Name</b>	Vivienda - Musa Ibn Nussir			
Type	Commercial			
Location	Riyadh Al Olaya District, Musa Ibn Nussir St.			
Utility	Hotel			
Land Area	2,800 sq. m.			
Building Area (according to the building permit)	4,279 sq. m.			
Number of Floors and Units	Two hotel floors (12 hotel villas and an administrative building)			
<b>Property's Building Year</b>	2015			
<b>Real Estate's Age</b>	Two years			
Number of Lease and Operation Contracts	1 lease contract			
<b>Real Estate's Purchase Value</b>	41,000,000SAR			
Names of Valuers	Barcode and Colliers.			
Date of each valuation report	Barcode's Report: 04/24/2017. Colliers' Report: 04/18/2017.			
Valuation Value	Barcode's valuation 42,800,000 SAR Colliers' valuation 44,000,000 SAR			
Average valuations	43,400,000 SAR			
Details of Lease and Operation Contracts				
Major Tenants and Operators	Furas Investment and Real Estate Development Co. (accounting for 100% of total lease revenues, expiring on April 2032)			
Number and Terms of Lease Contracts	Terms of Contracts	Number and Terms of Lease Contracts		
	Lease contracts of which the remaining period exceeds five years	1 (accounting for 100% of total rents)		
	Lease contracts with remaining periods ranging from one to four years	0		
	Lease contracts the remaining period of which is less than a year	0		
Average remaining period of the contract	14.7 years			
Current Operational Performance		Target Operational Performance		
	(2017) <sup>1</sup>	(2018)	(2019)	(2020)
Total Lease Revenues	SAR 2,435,616	SAR 3,500,000	SAR 3,500,000	SAR 3,500,000
Net Lease Income	SAR 2,435,616	SAR 3,500,000	SAR 3,500,000	SAR 3,500,000
Occupancy Percentage of the	100%	100%	100%	100%

Commercial Part				
Total Operating Revenues	None	None	None	None
Net Operating Income	None	None	None	None
Occupancy Percentage of the Hotel Component	None	None	None	None
Net Lease and Operating Income	SAR 2,435,616	SAR 3,500,000	SAR 3,500,000	SAR 3,500,000
Total Annual Revenue of the Real Estate	5.94%	%8.54	%8.54	%8.54
Net Annual Revenue of the Real Estate	5.94%	%8.54	%8.54	%8.54
<b>Previous Years' Rent and Operation</b>	Year		Rent	
	2016		None	
	2015		None	

#### Real Estate's Location Map

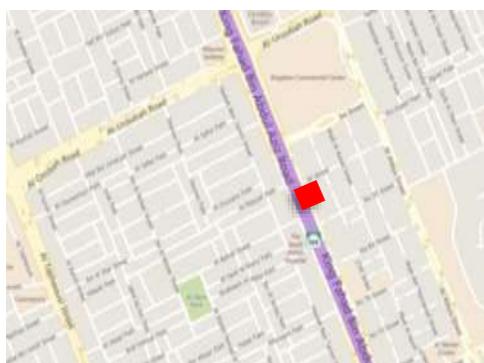


(1) The property was purchased in April 2017 and the returns do not reflect the entire fiscal year.

Information about the Fund's Real Estates		
<b>Owner's Name</b>	Riyad REIT	
<b>Property's Name</b>	Fursan Towers	
Type	Commercial	
Location	Riyadh, Al Olaya Road, King Fahad Road	
Utility	Hotel and Commercial	
Land Area	1,740 sq. m.	
Building Area (according to the building permit)	5,903 sq. m.	
Number of Floors and Units	First Tower: ground floor + Commercial Mezzanine (2 Show rooms) + 8 Office Floors (14 Offices) Second Tower: 8 hotel floors (hotel apartments)	
<b>Property's Building Year</b>	2002	
<b>Real Estate's Age</b>	15 years	
Number of Lease and Operation Contracts	15 lease contracts	
<b>Real Estate's Purchase Value</b>	53,000,000 SAR	
Names of Valuers	Barcode and Colliers.	
Date of each valuation report	Barcode's Report: 02/03/2016 Colliers' Report: 03/20/2016	
Valuation Value	Barcode's valuation 60,383,250 SAR Colliers' valuation 59,000,000 SAR	
Average valuations	59,691,625 SAR	
Details of Lease and Operation Contracts		
Major Tenants and Operators	Fursan Travel and Tourism Co. (accounting for 59.4% of total lease revenues, expiring on February 2018) Alhamra Palace Hotel (accounting for 17.9% of total lease revenues, expiring on July 2019) Leena (accounting for 3.6% of total lease revenues, expiring on March 2018)	
Number and Terms of Lease Contracts	Terms of Contracts	Number and Terms of Lease Contracts
	Lease contracts of which the remaining period exceeds five years	0
	Lease contracts with remaining periods ranging from one to four years	1 (accounting for 17.9% of total rents)
	Lease contracts the remaining period of which is less than a year	14 (accounting for 82.1% of total rents)
Average remaining period of the contract	1.2 years	
Current Operational Performance		Target Operational Performance

	(2017)	(2018) <sup>1</sup>	(2019) <sup>1</sup>	(2020) <sup>1</sup>
Total Lease Revenues	SAR 4,969,813	4,957,000SAR	4,957,000SAR	4,957,000SAR
Net Lease Income	SAR 4,647,454	4,597,000SAR	4,597,000SAR	4,597,000SAR
Occupancy Percentage of the Commercial Component	96%	96%	96%	96%
Total Operating Revenues	None	None	None	None
Net Operating Income	None	None	None	None
Occupancy Percentage of the Hotel Component	None	None	None	None
Net Lease and Operating Income	SAR 4,647,454	4,597,000SAR	4,597,000SAR	4,597,000SAR
Total Annual Revenue of the Real Estate	9.38%	9.35%	9.35%	9.35%
Net Annual Revenue of the Real Estate	8.77%	8.67%	8.67%	8.67%
<b>Previous Years' Rent and Operation</b>	Year		Rent	
	2016		4,610,000SAR	
	2015		4,610,000SAR	

#### Real Estate's Location Map

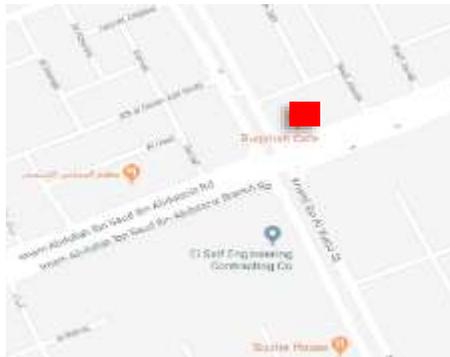


- (1) The Fund Manager currently studies the strategy for restructuring, restoring and developing the entire building into showrooms and hotel apartments.

Information about the Fund's Real Estates			
<b>Owner's Name</b>	Riyad REIT		
<b>Property's Name</b>	Almutamiz Center		
Type	Commercial		
Location	Imam Saud bin Abdulaziz Road. Intersection with Khalid ibn Al Walid St., Ghernata District, Riyadh		
Utility	Commercial		
Land Area	4,630 sq. m.		
Building Area (according to the building permit)	7,149 sq. m.		
Number of Floors and Units	Ground Floor + Commercial Mezzanine (12 Show rooms) + 2 Administrative Floors (32 Offices)		
<b>Property's Building Year</b>	2015		
<b>Real Estate's Age</b>	3 years		
Number of Lease Contracts	16 lease contracts		
<b>Real Estate's Purchase Value</b>	SAR 85,358,000		
Names of Valuers	Barcode and Colliers.		
Date of each valuation report	Barcode's Report: 09/07/2015 Colliers' Report: 12/07/2015		
Valuation Value	Barcode's valuation 86,703,388 SAR Colliers' valuation 85,200,000 SAR		
Average valuations	85,951,964 SAR.		
Details of Lease and Operation Contracts			
Major Tenants and Operators	Tadress Co. (accounting for 19.3% of total lease revenues, expiring on July 2029) Sanam Co. (accounting for 11.5% of total lease revenues, expiring on February 2025) Magrabi Optical (accounting for 13.7% of total lease revenues, expiring on November 2020)		
Number and Terms of Lease Contracts	Terms of Contracts	Terms of Contracts	
	Lease contracts of which the remaining period exceeds five years	7 (accounting for 52% of total rents)	
	Lease contracts with remaining periods ranging from one to four years	7 (accounting for 31% of total rents)	
	Lease contracts the remaining period of which is less than a year	2 (accounting for 17% of total rents)	
Average remaining period of the contract	5.3 years		
Current Operational Performance		Target Operational Performance	
	(2017)	(2018)	(2019)
			(2020)

Total Lease Revenues	SAR 6,817,101	SAR 7,224,000	SAR 7,224,000	SAR 7,224,000
Net Lease Income	SAR 6,323,856	SAR 6,788,000	SAR 6,788,000	SAR 6,788,000
Occupancy Percentage of the Commercial Part	85%	90%	90%	90%
Total Operating Revenues	None	None	None	None
Net Operating Income	None	None	None	None
Occupancy Percentage of the Hotel Component	None	None	None	None
Net Lease and Operating Income	SAR 6,323,856	SAR 6,788,000	SAR 6,788,000	SAR 6,788,000
Total Annual Revenue of the Real Estate	7.99%	8.46%	8.46%	8.46%
Net Annual Revenue of the Real Estate	7.41%	7.95%	7.95%	7.95%
<b>Previous Years' Rent and Operation</b>	Year		Rent	
	2016		6,753,870SAR	
	2015		6,204,709SAR	

#### Real Estate's Location Map



Information about the Fund's Real Estates		
<b>Owner's Name</b>	Riyad REIT	
<b>Property's Name</b>	The Residence	
Type	Commercial	
Location	Riyadh - Hettin District, Prince Saud bin Mohammed bin Meqren St.	
Utility	Commercial and Hotel	
Land Area	15,000 sq. m.	
Building Area (according to the building permit)	15,352.54 sq. m.	
Number of Floors and Units	Commercial Component: Ground Floor + Mezzanine + First Floor (Commercial) (11 Units) Hotel Component: Two hotel floors (32 hotel villas and 3 administrative buildings)	
Property's Building Year	2017	
<b>Real Estate's Age</b>	1 Year	
Number of Lease and Operation Contracts	6 lease contracts - 1 operation contract	
<b>Real Estate's Purchase Value</b>	SAR 136,363,000	
Names of Valuers	Barcode and Colliers.	
Date of each valuation report	Barcode's Report: 12/03/2017 Colliers' Report: March 20, 2017	
Valuation Value	Barcode's valuation 142,277,188 SAR Colliers' valuation 133,000,000 SAR	
Average valuations	137,638,594 SAR.	
Details of Lease and Operation Contracts		
Major Tenants and Operators	Morood Investment Company (accounting for 35.0% of total lease revenues, expiring on October 2027) Restaurant Franchises Co. (Accounting for 17.4% of total lease revenues, expiring on September 2032)	
Number and Terms of Lease Contracts	Terms of Contracts	Number of Contracts
	Lease contracts of which the remaining period exceeds five years	2 (accounting for 52.4% of total rents)
	Lease and operation contracts with remaining periods ranging from one to four years	3 (accounting for 22% of total rents)
	Lease and operation contract the remaining period of which is less than a year	1 (accounting for 25.6% of total rents)

Average remaining period of the contract	6.8 years			
Current Operational Performance		Target Operational Performance		
	(2017) <sup>1</sup>	(2018)	(2019)	(2020)
Total Lease Revenues	SAR 3,128,225	SAR 6,450,000	SAR 6,450,000	SAR 6,450,000
Net Lease Income	SAR 2,920,641	SAR 5,900,000	SAR 5,900,000	SAR 5,900,000
Occupancy Percentage of the Commercial Component	77%	100%	100%	100%
Total Operating Revenues <sup>2</sup>	0%	SAR 12,900,000	SAR 18,200,000	SAR 19,100,000
Net Operating Income	0%	SAR 5,100,000	SAR 7,300,000	SAR 7,700,000
Occupancy Percentage of the Hotel Component	0%	47%	65%	66%
Net Lease and Operating Income	SAR 3,500,000	SAR 11,000,000	SAR 13,200,000	SAR 13,600,000
Total Annual Revenue of the Real Estate	2.29%	14.19%	18.08%	18.74%
Net Annual Revenue of the Real Estate	2.14%	8.07%	9.68%	9.97%
<b>Previous Years' Rent and Operation</b>	Year		Rent	
	2016		None	
	2015		None	
Real Estate's Location Map				
				

(1) The annual return does not reflect the annual return of the entire year due to the real estate's purchase in May 2017.

(2) It is targeted to open Braira Hettin Resort & Villas, a part of The Residence Project, during Q1 2018 after the Hotel's qualification.

Information about the Fund's Real Estates		
<b>Owner's Name</b>	Riyad REIT	
<b>Property's Name</b>	Beach Towers / Ash-Shati Towers	
Type	Commercial	
Location	Al Shati District, Dammam City	
Utility	Commercial and Hotel	
Land Area	6,300 sq. m.	
Building Area (according to the building permit)	14,927 sq. m.	
Number of Floors and Units	Two Towers: Commercial GF (6 Show rooms) + 5 Office Floors (38 Offices). Third Tower: 6 Hotel Floors	
<b>Property's Building Year</b>	2015	
<b>Real Estate's Age</b>	3 years	
Number of Lease and Operation Contracts	29 lease contracts	
<b>Real Estate's Purchase Value</b>	SAR 97,000,000	
Names of Valuers	Barcode and Colliers.	
Date of each valuation report	Barcode's Report: 06/01/2016 Colliers' Report: 07/01/2016	
Valuation Value	Barcode's valuation 109,630,550 SAR Colliers' valuation 95,700,000 SAR	
Average valuations	102,665,275 SAR.	
Details of Lease and Operation Contracts		
Major Tenants and Operators	Boudl Company for Hotels and Resorts (accounting for 50% of total lease revenues, expiring on February 2031) Gulf Training Centre (accounting for 6.6% of total lease revenues, expiring on February 2020) Al-Jaafari Contracting (accounting for 6.3% of total lease revenues, expiring on April 2020)	
Number and Terms of Lease Contracts	Terms of Contracts	Number of Contracts
	Lease contracts of which the remaining period exceeds five years	1 (accounting for 50% of total rents)
	Lease contracts with remaining periods ranging from one to four years	22 (accounting for 40.1% of total rents)
	Lease contracts the remaining period of which is less than a year	6 (accounting for 9.9% of total rents)
Average remaining period of the contract*	6.8 years	

Current Operational Performance		Target Operational Performance		
	(2017)	(2018)	(2019)	(2020)
Total Lease Revenues	7,892,049SAR	8,458,000SAR	8,458,000SAR	8,758,000SAR
Net Lease Income	7,214,456SAR	7,867,000SAR	7,978,000SAR	8,278,000SAR
Occupancy Percentage of the Commercial Component	91%	96%	96%	96%
Total Operating Revenues	None	None	None	None
Net Operating Income	None	None	None	None
Occupancy Percentage of the Hotel Component	None	None	None	None
Net Lease and Operating Income	SAR 7,214,456	7,867,000SAR	SAR 7,978,000	7,867,000SAR
Total Annual Revenue of the Real Estate	8.14%	8.72%	8.72%	8.98%
Net Annual Revenue of the Real Estate	7.44%	8.11%	8.22%	8.47%
<b>Previous Years' Rent and Operation</b>	Year		Rent	
	2016		7,336,255SAR	
	2015		0	

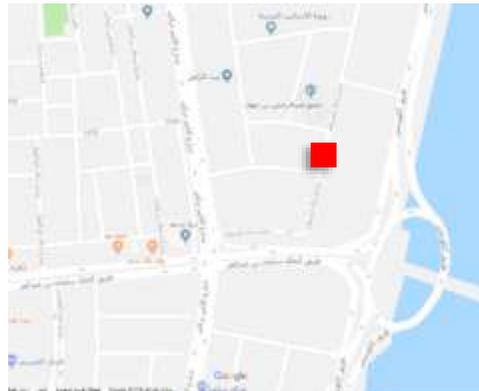
#### Real Estate's Location Map



Information about the Fund's Real Estates				
<b>Owner's Name</b>	Riyad REIT			
<b>Property's Name</b>	Ascott - Corniche Al-Khobar			
Type	Commercial			
Location	Al Khobar - Al Yarmouk District - Prince Turkey Road.			
Utility	Hotel and Commercial			
Land Area	2,800 sq. m.			
Building Area (according to the building permit)	24,453 sq. m.			
Number of Floors and Units	18 floors			
<b>Property's Building Year</b>	2018			
<b>Real Estate's Age</b>	Under construction			
Number of Lease and Operation Contracts	1 operation contract			
Target Building Cost of the Real Estate <sup>1</sup>	SAR 174,000,000			
Names of Valuers	Barcode and Colliers.			
Date of each valuation report	Barcode's Report: 04/10/2016. Colliers' Report: 10/23/2016			
Valuation Value	Barcode's valuation 69,864,000 SAR Colliers' valuation 71,590,000 SAR			
Average valuations	70,727,000 SAR			
Details of Lease and Operation Contracts				
Major Tenants and Operators	Ascott International Co. (term of contract: 25 years from operation date)			
Number and Terms of Operation Contracts	Terms of Contracts	Number of Contracts		
	Lease contracts of which the remaining period exceeds five years	1 (accounting for 100% of total operation)		
	Lease and operation contracts with remaining periods ranging from one to four years	0		
	Lease and operation contract the remaining period of which is less than a year	0		
Average remaining period of the contract	25 years			
Current Operational Performance		Target Operational Performance		
	(2017)	(2018) <sup>2</sup>	(2019)	(2020)

Total Lease Revenues	None	SAR 650,000	SAR 1,300,000	SAR 1,300,000
Net Lease Income	None	SAR 650,000	SAR 1,300,000	SAR 1,300,000
Occupancy Percentage of the Commercial Component	None	100%	100%	100%
Total Operating Revenues	None	SAR 7,600,000	SAR 29,600,000	SAR 38,400,000
Net Operating Income	None	SAR 4,500,000	SAR 17,600,000	SAR 21,400,000
Occupancy Percentage of the Hotel Component	None	30%	55%	70%
Net Lease and Operating Income	None	SAR 5,150,000	SAR 18,900,000	SAR 22,800,000
Total Annual Revenue of the Real Estate	None	4.74%	17.76%	22.82%
Net Annual Revenue of the Real Estate	None	2.96 %	10.86%	13.10%
<b>Previous Years' Rent and Operation</b>	Year		Rent and Operation Amount	
	2016		None	
	2015		None	

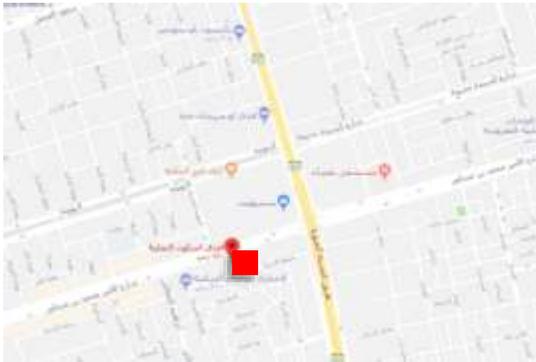
#### Real Estate's Location Map



(1) The Project's completion ratio is about 60%, and it is targeted to open the Hotel in Q3 2018.

(2) Number of target operating days is up to only 180 days in 2018.

About the Current Real Estate				
<b>Owner's Name</b>	Riyad REIT			
<b>Property's Name</b>	Ascott Tahlia Tower, Jeddah			
Type	Commercial			
Location	Tahlia St., Al Andalus District, Jeddah			
Utility	Commercial and Hotel			
Land Area	2,025 sq. m.			
Building Area (according to the building permit)	14,528 sq. m.			
Number of Floors and Units	Ground Floor + Commercial Mezzanine (One Show room) and 17 Hotel Floors			
Property's Building Year	2013			
<b>Real Estate's Age</b>	4 years			
Number of Lease and Operation Contracts	2 lease contracts			
<b>Real Estate's Purchase Value</b>	SAR 135,000,000			
Names of Valuers	Barcode and Colliers			
Date of each valuation report	Barcode's Report: 08/30/2016 Colliers' Report: 03/10/2016			
Valuation Value	Barcode's valuation 137,320,000 SAR Colliers' valuation 137,500,000 SAR			
Average valuations	137,410,000 SAR			
Details of Lease and Operation Contracts				
Major Tenants and Operators	Atiaf Company (accounting for 76.8% of total lease revenues, expiring on 2028) STC (accounting for 23.2% of total lease revenues, expiring on 2019)			
Number and Terms of Lease Contracts	Terms of Contracts	Terms of Contracts		
	Lease contracts of which the remaining period exceeds five years	(Accounting for 76.8% of total rents) 1		
	Lease contracts with remaining periods ranging from one to four years	0		
	Lease contracts the remaining period of which is less than a year	(Accounting for 23.2% of total rents) 1		
Average remaining period of the contract*	10.8 years			
Current Operational Performance		Target Operational Performance		
	(2017) <sup>1</sup>	(2018)	(2019)	(2020)
Total Lease Revenues	SAR 9,186,795	SAR 10,400,000	SAR 11,400,000	SAR 11,400,000
Net Lease Income	SAR 9,186,795	SAR 10,400,000	SAR 11,400,000	SAR 11,400,000

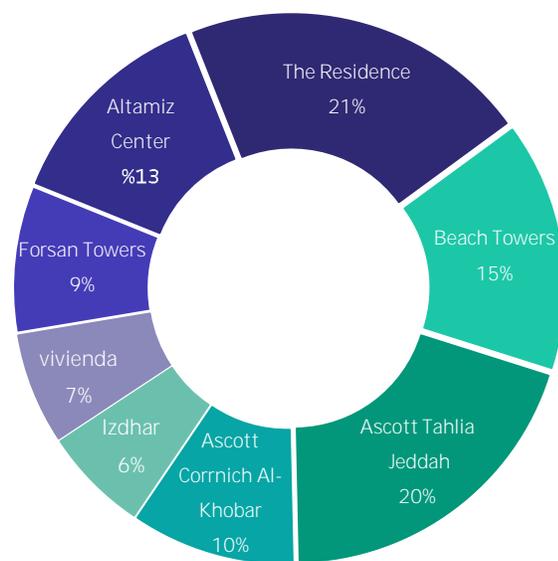
Occupancy Percentage of the Commercial Component	100%	100%	100%	100%
Total Operating Revenues	None	None	None	None
Net Operating Income	None	None	None	None
Occupancy Percentage of the Hotel Component	None	None	None	None
Net Lease and Operating Income	SAR 9,186,795	SAR 10,800,000	SAR 11,400,000	SAR 11,400,000
Total Annual Revenue of the Real Estate	6.81%	7.70%	8.44%	8.44%
Net Annual Revenue of the Real Estate	6.81%	7.70%	8.44%	8.44%
<b>Past Three Years' Rent and Operation</b>	Year		Rent	
	2016		SAR 10,400,000	
	2015		SAR 10,400,000	
<b>Real Estate's Location Map</b>				
				

(1) The annual return does not reflect the entire year lease revenues to STC.

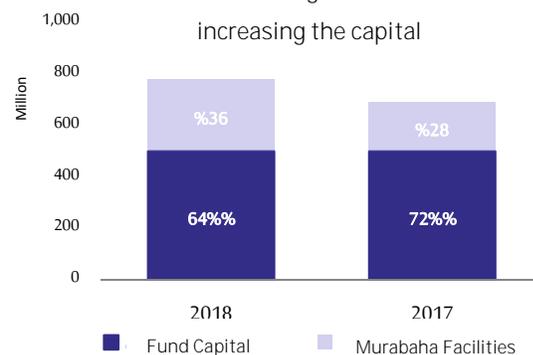
Riyad REIT Composition before the Capital Increase:

Real Estate	The Percentage of total Annual Returns of The Real Estate's Purchase Value <sup>6</sup>		The Percentage of Net Annual Returns of The Real Estate's Purchase Value <sup>6</sup>	
	2017	2018	2017	2018
Year	2017	2018	2017	2018
Izdhar Center	9.00%	9.27%	8.51%	8.69%
Vivienda Hotel <sup>1</sup>	5.94%	8.54%	5.94%	8.54%
Forsan Towers	9.38%	9.35%	8.77%	8.67%
Almutamiz Center	7.99%	8.46%	7.57%	7.95%
The Residence . <sup>2</sup>	2.29%	14.19%	2.14%	8.07%
Shati Towers	8.14%	8.72%	7.44%	8.11%
Ascott Tahlia, Jeddah	6.81%	7.70%	6.81%	7.70%
All income-generating real estates	6.46%	9.80%	6.14%	8.10%
Ascott - Corniche Al-Khobar <sup>5</sup>	0.00%	4.74%	0.00%	2.96%
All under construction real estates	0.00%	4.74%	0.00%	2.96%

The Propertie's Net Income Distribution before Increasing the Capital



Financial structuring of the Fund before increasing the capital



	2017	2018
Fund Capital	500,000,000	500,000,000
Bank Loans <sup>3</sup>	190,000,000	280,000,000
Target Size of the Fund	690,000,000	790,000,000
Total Revenues of Real Estates	37,848,081	57,413,000
Net Income of Real Estates	35,963,497	47,453,000
Percentage of Return on Current Capital of Fund:		
Total Revenues of Real Estates	7.57	13.13
Net Income of Real Estates	7.19%	10.52%
Total Expenses of the Fund	(%1.47)	(%2.23)
Murabaha Facility Expenses <sup>4</sup>	(%0.04)	(%1.73)
Net Income of the Fund	5.68%	6.56%

- (1) The Real Estate was purchased in April 2017 and the returns do not reflect the entire fiscal year.
- (2) The Real Estate was purchased in May 2017 and the returns do not reflect the entire fiscal year.
- (3) It is targeted to open Ascott Corniche Al-Khobar in Q3 2018 and the returns do not reflect the entire year.
- (4) **According to the real estates' deeds of title (the income-generating real estates) or the target cost of construction of the real estate (under construction real estates).**

#### New Real Estates:

Below is a table that sets forth a summary of acquisitions of new real estates, method of payment, decisions or prior approvals related to the acquisition.

Property	Method of Acquisition	Methods of Payment	Decisions or Approvals	Disclosure
Saudi Electronic University	Total	In-kind	<ul style="list-style-type: none"> <li>• Sale and Purchase Agreement with the Higher Education Fund</li> </ul>	<ul style="list-style-type: none"> <li>• Agreement with unrelated parties</li> <li>• In-kind owners are the Higher Education Fund.</li> <li>• In-kind subscription accounts for 8.4% of total capital of the Fund after increase.</li> <li>• The Seller shall retain his entire ownership in the Fund for at least 6 months.</li> </ul>

Burj Rafal Hotel and Boulevard	Total	In-kind and cash	<ul style="list-style-type: none"> <li>• Agreement of Riyadh Global Property Fund's Unit holders - Rafal Tower, dated 5 November 2017.</li> <li>• Sale and Purchase Agreement with Rafal Real Estate Tower.</li> </ul>	<ul style="list-style-type: none"> <li>• Project owned by Rafal Real Estate. The Company's ownership consists of: <ul style="list-style-type: none"> <li>- Riyadh Global Property Fund - Rafal Tower (53%)</li> <li>- Rafal Real Estate (29.5%)</li> <li>- Tawazun Arabian Investment Company (17.5%)</li> </ul> </li> <li>• In-kind subscription percentage of Riyadh Global Property Fund - Rafal Tower 20% of total capital of the Fund after increase.</li> <li>• The Fund Manager does not hold any share in Riyadh Global Property Fund - Rafal Tower.</li> <li>• The direct owners of Rafal Real Estate, namely Rafal and Tawazun Arabian, shall retain their ownership in the Fund if they get in-kind units in return of their direct ownership in Rafal Real Estate for at least 6 months. This does not apply to indirect owners of the Company - Riyadh Global Property Fund - Rafal Tower.</li> </ul>
Omnia Center	Total	In-kind	Direct Sale and Purchase Agreement with the Owner.	<ul style="list-style-type: none"> <li>• Agreement with unrelated parties.</li> <li>• In-kind owners are Ghassan and Abdullah, sons of Mohammed Amin Dahlawi.</li> <li>• In-kind subscription accounts for 10.3% of total capital of the Fund after increase.</li> <li>• The Seller shall retain his entire ownership in the Fund for at least 6 months.</li> </ul>

Geographic distribution after the capital increase (according to lease spaces):

- Kempinski (33%)
- The Residence (4%)
- Fursan Towers (5%)
- Al Tamayuz Center (4%)
- Izdhar Center (3%)
- Vivienda (2%)
- Saudi Electronic University (11%)



- Ascott Tahlia Tower (9%)
- Omnia Center (10%)



Eastern Region

- Beach Towers (8%)
- Ascott Al Khobar (11%)



About New Real Estates			
<b>Owner's Name</b>	Higher Education Fund		
<b>Property's Name</b>	Saudi Electronic University		
Type	Commercial/Educational		
Location	Al Rabi District, Riyadh		
Utility	Educational		
Land Area	14,192 sq. m.		
Building Area (according to the building permit)	30,345.98sq. m.		
Number of Floors and Units	3 Floors		
<b>Real Estate's Building Completion Year<sup>5</sup></b>	2012 <sup>3</sup>		
<b>Property's Age</b>	4 years		
Number of Lease and Operation Contracts	1 lease contract		
<b>Real Estate's Purchase Value</b>	SAR 137,650,000 (purchase contract date 12.10.2017)		
Real Estate Valuation (SAR)	First Valuation <sup>1</sup>	Second Valuation <sup>2</sup>	Average
	141,176,470	149,262,564	SAR145,219,517
Name of Valuers	Century 21 and Barcode		
Date of each valuation report	Century 21 Report: 2018/01/11 Barcode's Report: 2017/12/27		
Details of Lease and Operation Contracts			
Major Tenants and Operators	Saudi Electronic University (accounting for 100% of total lease revenues, expiring June 2018)		
Number of Lease and Operation Contracts	Terms of Contracts	Terms of Contracts	
	Lease contracts of which the remaining period exceeds five years	None	
	Lease contracts with remaining periods ranging from one to four years	None	
	Lease contracts the remaining period of which is less than a year	1 (accounting for 100% of total rents)	
Average remaining period of the contract	0.5 years		
Current Operational Performance		Target Operational Performance	
	(2017)	(2018)	(2019)
Total Lease Revenues	SAR 12,000,000	SAR 12,000,000	SAR 12,000,000
Net Lease Income	SAR 11,970,000	SAR 11,970,000	SAR 11,970,000

Occupancy Percentage of the Commercial Component	100%	100%	100%	100%
Total Operating Revenues	None	None	None	None
Net Operating Income	None	None	None	None
Occupancy Percentage of the Hotel Component	None	None	None	None
Net Lease and Operating Income	SAR 11,970,000	SAR 11,970,000	SAR 11,970,000	SAR 11,970,000
Total Annual Revenue of the Real Estate	8.72%	8.72%	8.72%	8.72%
Net Annual Revenue of the Real Estate	8.70%	8.70%	8.70%	8.70%
<b>Past Three Years' Rent and Operation</b>	Year		Rent	
	2016		SAR 11,970,000	
	2015		SAR 11,970,000	
<b>Real Estate's Location Map</b>				
				

- (1) Century 21 valuation and the valuation method in place is income capitalization, dated 11.01.2018.
- (2) Barcode valuation and the valuation method in place is the replacement cost, dated 27.12.2017.
- (3) Building completion certificate No. 1759/1433 dated 13.03.1433.
- (4) The Electronic University's contract is a government contract according to the rental regulations issued by the Ministry of Finance. These government contracts have rental durations from a year to 3 years, to be automatically renewable if the parties are so willing. The contract was renewed in June 2015 for 3 years. Noteworthy, the rental meter price of the Electronic University is about SAR 677 per meter, including office and commercial spaces.

About New Real Estates					
<b>Owner's Name</b>	Burj Rafal				
<b>Property's Name</b>	Burj Rafal and Boulevard				
<b>Type</b>	Commercial				
<b>Location</b>	Riyadh, Al Sahafa District, King Fahad Road				
<b>Utility</b>	Commercial and Hotel				
<b>Land Area</b>	21,106sq. m.				
<b>Building Area (according to the building permit)</b>	95,773 sq. m.				
<b>Number of Floors and Units</b>	Rental Component: Two floors (show rooms) - the hotel component consists of 25 floors (349 hotel rooms and celebration halls and 21 meeting halls in addition to other commercial and service facilities)				
<b>Real Estate's Building Completion Year<sup>5</sup></b>	2014				
<b>Property's Age</b>	4 years				
<b>Number of Lease and Operation Contracts</b>	1 lease contract - 1 operation contract				
<b>Real Estate's Purchase Value</b>	SAR 677,000,000 (purchase contract date 29.08.2017)				
<b>Real Estate Valuation (SAR)</b>	First Valuation <sup>1</sup>	Second Valuation <sup>2</sup>	Third Valuation <sup>3</sup> (Additional valuation)	Fourth Valuation <sup>4</sup> (Additional valuation)	Average:
	709,547,259	707,134,966	699,200,000	625,360,000	685,310,556
<b>Name of the valuator</b>	Barcode, Century 21, Knight Frank, Jones Lang LaSalle				
<b>Date of each valuation report</b>	Barcode's Report: 2018/01/24 Century 21 Report: 2018/01/11 Knight Frank's Report: 10/10/2017 Jones Lang LaSalle's Report: 2/10/2017				
Details of Lease and Operation Contracts					
<b>Major Tenants and Operators</b>	Burj Rafal and Boulevard (accounting for 100% of total operation revenues, expiring September 2033) STC (accounting for 100% of total lease revenues, expiring December 2022)				
<b>Number of Lease and Operation Contracts</b>	<b>Terms of Contracts</b>		<b>Terms of Contracts</b>		
	Lease contracts of which the remaining period exceeds five years		2 (accounting for 100% of total rents)		
	Lease contracts with remaining periods ranging from one to four years		None		

	Lease contracts the remaining period of which is less than a year	None		
Average remaining period of the contract	14 years			
Current Operational Performance		Target Operational Performance		
	(2017) <sup>5</sup>	(2018) <sup>6</sup>	(2019) <sup>6</sup>	(2020)
Total Lease Revenues	5,500,000SAR	6,500,000SAR	6,500,000SAR	6,500,000SAR
Net Lease Income	5,500,000 SAR	6,500,000 SAR	6,500,000 SAR	6,500,000 SAR
Occupancy Percentage of the Commercial Component	90%	100%	100%	100%
Total Operating Revenues	116,600,000SAR	137,900,000SAR	162,000,000SAR	168,000,000SAR
Net Operating Income	28,350,000SAR	42,800,000SAR	50,000,000SAR	51,500,000SAR
Occupancy Percentage of the Hotel Component	44.5%	53%	59%	59%
Net Lease and Operating Income	33,850,000SAR	49,300,000SAR	56,500,000SAR	58,000,000SAR
Total Annual Revenue of the Real Estate	18.04%	21.33%	24.89%	25.87%
Net Annual Revenue of the Real Estate	5.00%	7.28%	8.35%	8.57%
<b>Past Three Years' Rent and Operation</b>	Year		Rent and Operation Amount	
	2016		25,800,000SAR	
	2015		31,900,000SAR	
<b>Real Estate's Location Map</b>				
				

- (1) Barcode valuation and the valuation method in place is discounted cash flows (DCF), dated 24.01.2018.
- (2) Century 21 valuation and the valuation method in place is income capitalization, dated 11.01.2018.
- (3) An additional valuation from Knight Frank and the valuation method in place is discounted cash flows (DCF), dated 10.10.2017, noting that the date of valuation is more three months of the date of approval of CMA of the increase of the Fund's capital.
- (4) An additional valuation from Jones Lang LaSalle (JLL) and the valuation method in place is discounted cash flows (DCF), dated 02.10.2017, noting that the date of valuation is more three months of the date of approval of CMA of the increase of the Fund's capital.

- (5) Building completion certificate No. 4426/1435 dated 28.07.1435. During 2017, the commercial component was entirely qualified and most rental spaces were leased out to STC (STC Educational Academy).
- (6) It is targeted that the Hotel will reach operational stability in 2018 and 2019. The Fund Manager targets the application of several strategies after purchase to improve the efficiency of the Hotel's operation. In addition, occupancy ratios in January 2018 hit 50%, compared to 40% during the same month in 2017.

About New Real Estates			
<b>Owner's Name</b>	Mohammed Amin Dahlawi's Sons		
<b>Property's Name</b>	Omnia Center		
Type	Commercial and Residential		
Location	Jeddah, Al Rawdha District, Saud Al Faisal St.		
Utility	Residential - Showrooms - Offices		
Land Area	10,000sq. m.		
Building Area (according to the building permit)	19,714.6sq. m.		
Number of Floors and Units	Commercial Center: GF + Mezzanine (Showrooms) + 3 Floors (Offices). Residential Building: 3 Floors (Residential Apartments)		
Real Estate's Building Completion Year <sup>5</sup>	2008		
<b>Property's Age</b>	10 years <sup>3</sup>		
Number of Lease and Operation Contracts	82 lease contracts		
<b>Real Estate's Purchase Value</b>	SAR 681,000,000 (purchase contract date 21.05.2017)		
Real Estate Valuation (SAR)	First Valuation <sup>1</sup>	Second Valuation <sup>2</sup>	Average:
	198,738,825	199,339,070	SAR199,038,947
Name of the valuator	Century 21 and Barcode.		
Date of each valuation report	Century 21 report: 2018/01/11 Barcode's report: 2018/01/22		
Details of Lease and Operation Contracts			
Major Tenants and Operators	Saudi Research and Marketing Group (accounting for 28.2% of total lease revenues, expiring December 2022) Plastic Clinics Co. (accounting for 6.1% of total lease revenues, expiring June 2019) Tripartite Group Co. (accounting for 5.1% of total rents, expiring March 2018)		
Number of Lease and Operation Contracts	Terms of Contracts	Terms of Contracts	
	Lease contracts of which the remaining period exceeds five years	0	
	Lease contracts with remaining periods ranging from one to four years	10 (accounting for 47.4% of total rents)	
	Lease contracts the remaining period of which is less than a year	66 (51 residential contracts) (accounting for 52.6% of total rents)	
Average remaining period of the contract	1.7 years		
Current Operational Performance		Target Operational Performance	

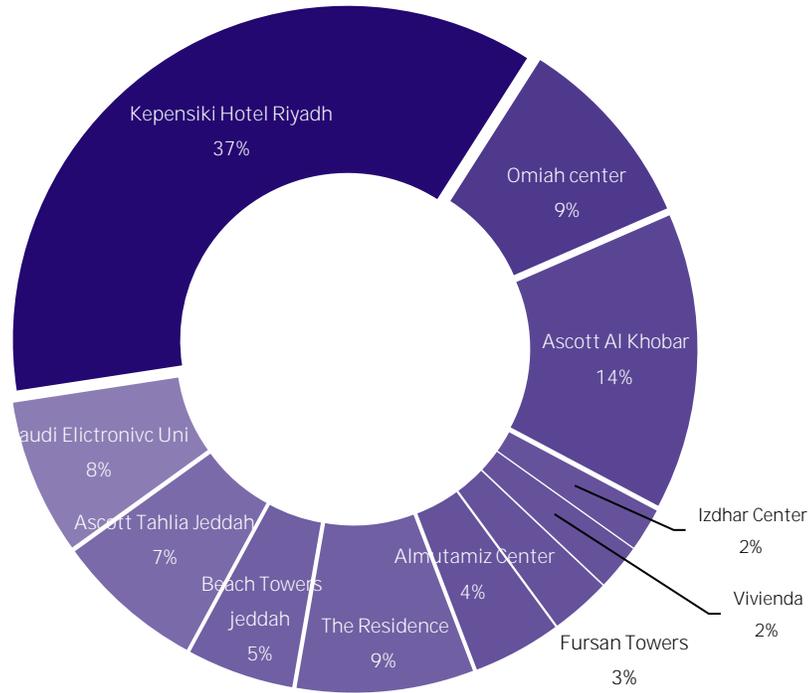
	(2017)	(2018)	(2019)	(2020)
Total Lease Revenues	SAR 13,300,290	SAR 15,300,000	SAR 15,300,000	SAR 16,000,000
Net Lease Income	SAR 12,369,270	SAR 14,300,000	SAR 14,300,000	SAR 15,000,000
Occupancy Percentage of the Commercial Component	84%	95%	95%	95%
Total Operating Revenues	None	None	None	None
Net Operating Income	None	None	None	None
Occupancy Percentage of the Hotel Component	None	None	None	None
Net Lease and Operating Income	SAR 12,369,270	SAR 14,300,000	SAR 14,300,000	SAR 14,300,000
Total Annual Revenue of the Real Estate	7.92%	9.11%	9.11%	9.56%
Net Annual Revenue of the Real Estate	7.36%	8.51%	8.51%	8.93%
<b>Past Three Years' Rent and Operation</b>	Year		Rent	
	2016		SAR 15,490,000	
	2015		SAR 15,490,000	
<b>Real Estate's Location Map</b>				
				

- (1) Century 21 valuation and the valuation method in place is income capitalization, dated 11.01.2018.
- (2) Barcode valuation and the valuation method in place is income capitalization, dated 22.01.2018.
- (3) Current launch transaction No. 2900038105 dated 02.04.2008.

Riyad REIT Composition After the Capital Increase:

Real Estate	Percentage of the Total Annual Returns of Real Estate from The Real Estate's Purchase Value			Percentage of The Net Annual Returns of Real Estates from The Real Estate's Purchase Value		
	2018	2019	2020	2018	2019	2020
Izdhar Center	%9.27	%9.27	%9.27	%8.69	%8.69	%8.69
Vivienda Hotel, Musa Ibn Nussir Street	%8.54	8.54	%8.54	%8.54	%8.54	%8.54
Forsan Towers	%9.35	%9.35	%9.35	%8.67	%8.67	%8.67
Al Tamayuz Center	%8.46	%8.46	%8.46	%7.95	%7.95	%7.95
The Residence	%14.19	%18.08	%18.74	%8.07	%9.68	%9.97
Shati Towers	%8.72	%8.72	%8.98	%8.11	%8.22	%8.47
Ascott Tahlia, Jeddah	%7.70	%8.44	%8.44	%7.70	%8.44	%8.44
Electronic University	%8.72	%8.72	%8.72	%8.70	%8.70	%8.70
Burj Rafal and Boulevard Hotel	%21.33	%24.89	%25.78	%7.28	%8.35	%8.57
Omnia Center	%9.11	%9.11	%9.56	%8.51	%8.51	%8.93
All income-generating real estates	%14.61	%16.55	%17.05	%7.84	%8.51	%8.70
Ascott - Corniche Al-Khobar	%4.74	%17.76	%22.82	%2.96	%10.86	%13.10
All under construction real estates	%4.74	%17.76	%22.82	%2.96	%10.86	%13.10

Distribution of net real estate income after the capital increase



Financial structuring of the Fund after the capital increase



	2018	2019	2020
Fund Capital	1,633,000,000	1,633,000,000	1,633,000,000
Murabaha Facilities 2	120,000,000	120,000,000	120,000,000
Target Size of the Fund:	1,753,000,000	1,753,000,000	1,753,000,000
Total Revenues of Target Real Estates	237,363,000	290,413,000	307,131,740
Net Income of Target Real Estates	128,173,000	152,434,000	159,173,340
	Revenue of target capital of the Fund		
Total Revenues of Real Estates	%14.54	%17.78	%18.81
Net Income of Real Estates	%7.85	%9.33	%9.75
Total Expenses of the Fund	(%1.41)	(%1.44)	(%1.45)
Bank Interest Expenses	(%0.15)	(%0.29)	(%0.29)
Net Income of the Fund <sup>3</sup>	%6.30	%7.60	%8.01

- (1) The Fund Manager plans to carry out many improvements after the Real Estate's purchase and create new additional spaces for commercial utility. The results of all these plans were not reflected in the target prospects of the Real Estate's income.
- (2) Islamic Murabaha Facilities will be partly or fully paid from the proceeds of increase of capital and the Fund Manager intends to reuse the Facilities to finance the future expansions of the Fund.
- (3) The target return after increase of capital does not include the application of loans at a higher percentage towards financial structuring of the Fund compared to the target return after the increase of capital (7% being the percentage of facilities from the size of the Fund after the increase of capital compared to 28-36%, the percentage of facilities from the size of the Fund before the increase of capital), but the Fund targets in the future to make a wider application of the Murabaha Facilities for finance of new acquisitions and leveraging the returns on the Fund's capital.

## Investment Decision-Making

Real Estate Markets Study:

**The Fund will rely on the Fund Managers' Asset Management Department and outsourced consultants to conduct a periodical assessment of the most attractive sectors in the real estate market. The Fund Manager will continually monitor the patterns and cycles in the real estate investment market in addition to the market fundamentals and the sector's properties to capitalize on the available opportunities in the real estate market and preserve the Fund objectives on the long run.**

## Purchase of Real Estates

Pursuing new opportunities in the real estate market, the Fund Manager will keep on studying the real estate market for determining and effectively carrying out opportunities. This process goes through many phases from finding, sorting, assessing to adoption and implementation of opportunities.

## Disposition of Real Estates:

The Fund intends to retain the ownership of real estates in general on the long run. The Fund Manager will assess the real estate related to the Fund on the valuation day (twice annually on 30 June and 31 December of each financial year and any other times as determined by the Fund Manager) and propose certain strategies, including the Real Estate sale strategies. This will follow analysis and detailed study taking into consideration the following elements:

- a. The sale price of the potential income.
- b. The strategic proportionality of the Real Estate within the general investment portfolio.
- c. The strategic proportionality of the Real Estate within the investment allocations strategy per sector.
- d. **Any change of the market conditions that have an impact on the Fund's investments.**
- e. Before any disposition, the Fund Manager will seek to obtain a valuation of the related Real Estate from two independent property valuers accredited by the Saudi Authority for Accredited Valuers.

- e. Any policy that may result in concentrating investment in a certain type of real estate assets or specific geographical region, provided that it includes a provision that includes the information on the deed of ownership of the real estate(s) subject in the investment, where applicable:

The Fund will carry out its investments in line with these Terms and Conditions. The Table below indicates to the percentages of the Fund's investments in terms of the total value of the Fund's assets:

Type of Investment	Allocation Percentage
<ul style="list-style-type: none"> <li>- Real estate investments (income-generating assets) in the hotel, office or commercial sectors (excluding those located in Makkah or Medina).</li> </ul>	<ul style="list-style-type: none"> <li>- Of at least 75% of the total value of the Fund assets <b>and up to 100% of the total value of the Fund's</b> assets, according to the latest audited financial statements.</li> </ul>
<ul style="list-style-type: none"> <li>- Real estate development activities (excluding those located in Makkah or Medina).</li> <li>- Murabaha transactions and other short-term investments. These investments can be carried out with the Fund Manager or any bank supervised by SAMA, including Riyad Bank.</li> <li>- The shares of real estate companies and real estate funds listed in the Saudi Stock Exchange.</li> <li>- Publicly or privately offered investment funds managed by the Fund Manager or any other investment fund manager supervised by CMA, including Money Market, trading and real estate funds and Private Equity funds that invest in the RE sector.</li> </ul>	<ul style="list-style-type: none"> <li>- Do not exceed <b>25% of the total value of the Fund's</b> assets according to the latest audited financial statements. The Fund may invest more than the percentage stated in Murabaha transactions and other short-term investments.</li> <li>- If the Fund sells any of its real estate assets. And the proceeds of sale give rise to the cash amounts, Murabaha transactions and other short-term investments exceeding 25% of the total value of the Fund's assets according to the latest audited financial statements, the Fund Manager must determine an appropriate chance for investing the surplus within a period not exceeding 6 months from the Real Estate sale date. If this is not determined, the Fund Manager will distribute the surplus exceeding 25% of the total asset value of the Fund to the investors within 30 days from the end of the said 6-month period.</li> </ul>
<ul style="list-style-type: none"> <li>- Real estate investments outside the Kingdom of Saudi Arabia</li> </ul>	<ul style="list-style-type: none"> <li>- Investment in these investments shall not exceed <b>25% of the Fund's total value, as stated in the most</b> recent audited financial statements.</li> </ul>

Title deeds of the property or properties being invested in, where applicable:

Property	Title Deed Information
Al-Ezdihar Commercial Center	Deeds No. [917821001724 - 217822001284] dated [21]/ [4]/ [1442]H
Vivenda Hotel - Musa Bin Nusayr Street	Deed No. [317807003670] dated [11]/ [3]/ [1443]H

Al-Fursan Commercial and Hotel Towers	Deed No. [317815004214] dated [11]/ [3]/ [1443]H
Al-Mumtaz Commercial Center	Deed No. [317821003612] dated [11]/ [3]/ [1443]H
The Residence Commercial and Hotel Building	Deed No. [917815004213] dated [11]/ [3]/ [1443]H
Al-Shatea Commercial, Office, and Hotel Towers	Deed No. [730113019278] dated [30]/ [1]/ [1443]H
Ascott Corniche Al-Khobar Hotel	Deed No. [330210007397] dated [30]/ [1]/ [1443]H
Ascott Tahlia - Jeddah Hotel	Deed No. [520220027876] dated [25]/ [1]/ [1442]H
Saudi Electronic University	Deed No. [810111058734] dated [23]/ [4]/ [1442]H
Burj Rafal Hotel	Deed No. [699072002286] dated [20]/ [4]/ [1440]H
Burj Al-Olaya	Deed No. [317806001502] dated [28]/ [4]/ [1440]H
Omnia Center	Deed No. [320217023075] dated [25]/ [1]/ [1442]H
STC Academy	Group of deeds Nos. [699699000125 - 899699000126 - 999699000127 - 399699000128 - 399699000129 - 899699000130 - 399699000131 - 399699000132 - 399699000133 - 399699000134 - 399699000135 - 399699000136 - 399699000137 - 399699000138 - 899699000139 - 5996990140 - 399699000141 - 799699000142 - 399699000143 - 599699000144 - 399699000145 - 399699000146 - 599699000147 - 899699000148 - 999699000149 - 599699000150] dated [7]/ [5]/ [1444]H
	Deed No. [699072002286] dated [20]/ [4]/ [1444]H
	Deeds No. [317815006399 - 917815006400] dated [4]/ [5]/ [1442]H

f. Previous and targeted rental proceeds for each real estate/ usufruct.

As detailed for each property in paragraph (d) above, "Schedule of information for each real estate asset to be acquired".

g. Borrowing rights for the fund and the fund manager policy in the exercise of these rights.

The Fund Manager may, on behalf of the Fund, obtain Sharia'a-compliant finance. The percentage of finance shall not exceed (50%) of the total value of the Fund's assets according to the latest audited financial statements. The actual percentage of finance depends on (a) the considerations related to the arrangement of obtained finance, and (b) the prevailing market conditions.

h. **Methods and ways to invest the cash available in the fund.**

The Fund may invest available cash amounts in Murabaha and other short-term investments, provided that the percentage of such investments does not exceed 25% of the total value of the **Fund's assets according to the latest audited financial statements. The Fund may invest an amount** in excess of the stated percentage in Murabaha transactions and other short-term investments if the proceeds of the Fund from the sale of any its real estate assets subject to the table stated in **(2.6) "Summary of Fund Strategies" and "Investment Concentration Policies"**.

These investments can be carried out with the Fund Manager or any bank supervised by SAMA, including Riyadh Bank. The Fund can also invest in publicly or privately offered investment funds managed by the Fund Manager or any other investment fund manager supervised by CMA, including Money Market, Trading and Real Estate Funds listed in the Saudi Stock Exchange.

i. **Disclosure the details of the use of the proceeds of the fund offering:**

The shares and uses of in-kind and in-cash subscriptions after capital increase:

Targeted cash subscriptions	SAR 264,127,586.10
Targeted in-kind subscriptions	SAR 868,872,424.21
Total targeted subscription amounts	SAR 1,633,000,010.31
Acquisition of Rafal Hotel and the Boulevard	<b>SAR 677,000,000</b>
Acquisition of Omnia Center	SAR 168,000,000
Acquisition of Saudi Electronic University	SAR 137,650,000
Payment of Murabaha facilities	SAR 150,350,020.24
Compensation for unit fractions	SAR (9.93)
Total	SAR 1,633,000,010.31

j. Unitholders and the percentage of in-kind contributions in the fund to the fund's net asset value.

Fund's capital	Percentage after increasing Fund's capital	
<b>Current Fund's capital</b>	30.6%	<u>SAR 500,000,000.00</u>
In-kind subscriptions	53.21%	<u>SAR 868,872,424.21</u>
1- Rafal Hotel and the Boulevard	34.49%	SAR 563,222,433.62
2- Omnia Center	10.29%	SAR 167,999,992.72
3- Saudi Electronic University	8.43%	SAR 137,649,997.87
Cash subscriptions	16.17%	<u>SAR 264,127,586.10</u>
1- Rafal Hotel and the Boulevard	7%	SAR 113,777,565.86
2- Saudi Electronic University	0.0%	SAR 0
3- Payment of facilities *	9.21%	SAR 150,350,020.24
Total targeted Fund capital after increase	100%	<u>SAR 1,633,000,010.33</u>

\* Riyadh REIT Fund signed short-term Murabaha facilities of SAR 500 million, with a profit margin of 3.1% to finance the purchase of real estates and to finance developing projects that are under construction. Around SAR 190 million was used; the Fund intends to pay around SAR 150 million using the proceeds of the cash subscriptions. The Fund intends to reuse around SAR 80 million during 2018 to finance the development of the projects that are under construction. Therefore, the target of the total Murabaha facilities after the completion of project development is SAR 120 million. The Fund Manager intends to use the rest of the facilities to finance the future acquisitions.

## 10. Risks of Investing in the Fund:

The risks of investment in the Fund are medium. Investment in the Fund involves certain risks, and, therefore, it will be appropriate for the persons who can accept the loss of a part of or all their investments. The elements below set forth the risks that may affect the Fund investments and, consequently, the net assets value of the Fund and the returns of investment. It is important for potential investors to review and understand these elements before embarking any investments in the Fund. In all cases, the following elements of risks are not exclusive, but rather an example of the risks that the Fund may encounter.

- a. A description of the main risks related to investing in the fund, which could affect the fund investments or any other circumstances that could affect the net assets of the fund and any investment proceeds:

**1. Risk Elements Related to the Fund:**

#### Nature of Investment Risks

Investment in the Fund requires commitment as shown in these Terms and Conditions with no guarantee to achieve returns on invested capital and there will be no guarantee that the Fund will achieve positive returns on its investments on a timely basis or at any time at all. There might arise a possibility that its assets cannot be sold or disposed of. If a decision is made that they are sold, they might not be sold at a price which, in the belief of the Fund Manager, is their fair value or within the timeframe required by the Fund. Consequently, the Fund may not be able to achieve any returns on its assets.

#### Liquidity Risks

The Fund being traded in the Saudi Stock Exchange (Tadawul) should not be viewed as an indication that there will be an active market with liquidity for the units or that it will develop or, if it develops, will continue as such. If a market with high liquidity is not developed or maintained, the liquidity and trading prices of the units may be negatively affected. In addition, if no such market is developed, relatively small transactions may have a great negative impact on the units and their prices, and it might be difficult to implement transactions that involve a large number of units at a stable price. The limited number of units / unit holders may be an indication of limited liquidity levels in these units, which may negatively affect: (1) The investor's ability to generate a benefit from some or all his investments, and/or (2) the price at which the units are traded in the market. In addition, a large percentage of units may be issued to a limited number of investors, which might negatively affect the development of active market with liquidity for the units.

#### Risks of Changes in Prices

Many elements may negatively affect the market price of the units, including the general movement in local and international stock Exchange s, real estate markets, prevailing and **expected economic conditions, interest rates, finance costs, investors' approaches and general economic conditions.** The unit market may be fluctuating. Lack of liquidity may have a negative

impact on the market value of the units. Accordingly, the purchase of these units may be appropriate only for the investors who can take the risks associated with these investments.

### Risks of Trading at Price Lower than Market Value

The units may be traded at a price lower than the offering value. Unit holders may not be able to redeem full investment value. The units may be traded at a price lower than their value for **many reasons, including unfavorable market conditions, investors' weak prospects concerning** the feasibility of the investment strategy and policy of the Fund and increase of supply over demand of units.

### Risks of Distributions Fluctuation

Although the Fund, subject to relevant regulations, must distribute at least 90% of its net profits to the unit holders annually, there is no guarantee in regard to the actual amounts that will be distributed by the Fund. In addition, the announcement, payment and value of any future distributions of profits, in exclusion and addition to those equal to 90% of the net profits of the Fund, shall be subject to the recommendation of the Fund Manager, and rely, among other things, on the performance, financial condition, cash requirements and ability of the Fund to comply with the legal requirements applicable to the payment of distributions.

### Risks of Increased Unit Sales

Subsequent sales by the unit holders of a large number of units might lead to a sharp decrease of unit prices. In addition, any rumors that such sales may occur might have a major negative impact on the market price of the units and the returns of the unit holders.

### Market Valuation

The traded market price of the units might not reflect on the value of basic investments of the Fund. In addition, capital markets, including the Saudi Stock Exchange, may encounter great fluctuations of prices and size of dealings from time to time. This, in addition to economic, political and other conditions, may lead to negative and strong impact on the market price of the units. As a real estate investment traded fund, the price of a unit may be affected by a number of factors, many of which are beyond the control of the Fund in the manner that some of them affect the real estate investment sector or capital markets in general.

## Political Volatility and Economic Risks

The Fund's future performance mainly relies on changes in supply and demand conditions in the relevant real estate sector, which may be affected by regional and local economic and **political conditions, increased competition leading to decrease of the real estates' value,** potential limited availability of mortgage funds, increased mortgage prices and changes in supply and demand.

## Risks of Distribution and Finance

Requirements of distribution and finance restrictions under the real estate investment Funds **regulations might limit the Fund's** flexibility and ability to grow through acquisitions. The Fund is supposed to annually distribute at least 90% of its net profits to the unit holders, except for capital gains arising from the sale of real estates, which are re-invested in additional assets in the best interest of the unit holders (subject to Paragraph 2.5 above). In addition, to maintain the Fund as a real estate investment traded fund, the finance percentages of the Fund should not exceed **50% of the total value of the Fund's assets as per the** latest audited financial statements. As a result, the Fund has a limited ability to improve its properties or achieve growth through the acquisition of additional properties.

## Units Liquidity Risks

As an **exception to the Fund's** expiration on the end of its term, the unit holders will be able to achieve a return on their investments only through trading units at the Capital Market and annual distributions of net profits. Although the units will be tradable, the liquidity percentages of the real estate investment traded fund units may be less than the market **liquidity of the listed companies' shares. There might be no market with liquidity for the unit** and the unit holders may have difficulty selling the units at offered market price and/or prevailing net asset value of the units or otherwise. In addition, CMA has the right to suspend or limit the trading of the Fund's units. Any suspension or limitation of trading of the Fund units may affect the ability of unit holders to achieve returns on their investments.

## Risks of Basic Asset Liquidity

Real estate assets are non-liquid assets compared to other assets. Consequently, it may be difficult or impossible for the Fund to sell a real estate asset at a certain price and obtain a return at any time at its own willingness. The Fund portfolio consists of real estate assets. It may be difficult to the Fund to sell its real estate assets without adopting a price discount

(especially at the times of market drops, in particular such assets that are classified as big real estate assets), particularly if the Fund has to dispose of any of its assets in a short period of time. This might lead to decrease of the **unit's** value and negatively affect the Fund's performance and the return to unit holders.

### Risks of Reduction of Shareholding Value in Case the Fund Capital increased

If the Fund decides to increase its capital in the future, this may require further finance by issuing new units, which may lead to the decrease of the shareholding value and voting rights of current unit holders in addition to the percentage of their units to total amounts of subscription contributed to in the Fund.

### Risks of Lack of Guarantee to Generate Return from Investment

There is no guarantee that the Fund will be successful in generating returns to the investors or that realized returns are proportionate with risks of investment in the Fund and the nature of the transactions described in these Terms and Conditions. The value of units may fall or investors may lose a part of or the whole capital invested in this Fund. There will be no guarantee that returns will be generated from the Fund.

### Risks of Previous Operating History

The operations of Riyadh REIT were listed in November 2016. Hence, the Fund does not have a long operating history that enables potential investors to judge the Fund's performance. Although potential investors can take into account the experience of the Fund Manager in management of real estate investment funds, the nature of future investments in the Fund and the nature of associated risks may materially differ from the investments and strategies that the Fund Manager has previously addressed when setting up the Fund. In addition, previous results achieved by the Fund Manager are not necessarily evidence of future performance.

### Risks of Changes of Market Conditions

The future performance of the Fund will greatly depend on the changes in supply and demand conditions of the real estate sector, which may be affected by regional and local economic and political conditions, increasing competition, which may result in the reduction of real estate value, limited availability of mortgage funds or higher mortgage ratios as well as supply and

demand fluctuations. So, these changes may have a major negative impact on the Fund performance as a result of decrease of lease income or net asset value of the Fund.

### Risks of Relying on Main Employees

The Fund's success mainly **relies on the performance of its management, including the Fund's Board Members**. Therefore, the loss of services of any member of the management team in general (by resignation or otherwise) or inability of the Fund to attract and retain other employees may affect the success chances of the Fund and its business, including its ability to purchase, sell and manage assets, leading eventually to fall of the return for investors.

## 2. Risk Elements Related to the Fund's Assets

### Real Estate Investment Risks

Investment in the Fund units involves some risks related to the ownership of real estate assets and the real estate industry in general. The value of Fund investments may be negatively affected by a number of factors such as the decrease of real estate value, the non-liquidity of investment, risks related to local economic conditions, natural disasters, environmental responsibility, high cost of finance, financial conditions of tenants, increase of Taxes on real estates, changes of zoning regulations and increase of competition.

### The Availability of Appropriate Investments Risks

The investors will not be able to assess economic, financial and other aspects of the information related to future investment opportunities of the Fund. No guarantee can be made that the Fund Manager will be able to find future investments that are compatible with the particular investment goals of the Fund, if necessary, specifically in the current market environment. Determination and structuring of appropriate investments for the Fund is competitive and highly unguaranteed. The inability of the Fund Manager to determine **appropriate investments may negatively affect the Fund's ability to achieve desired returns.**

### Real Estate Development Risks

Noting that real estate development projects will not account for a huge percentage of the **Fund's assets, the real estate development sector in the Kingdom encounters several risks**. The risks of participation in the construction and marketing of a new real estate project includes without limitation: (1) Late completion of works, (2) Excess beyond the fixed costs, (3) Inability to implement lease contracts at the expected levels, (4) The force majeure arising from factors

outside the reasonable control of the Fund particularly related to the contracting sector (including climate and environmental conditions that prevent the completion of development and building works and unavailability of raw building materials at the market).

Embarking on a new project also involves other risks, including obtaining necessary government approvals and permits for division of lands and occupancy, other required government approvals and permits and costs of the real estate development related to the projects that have not been proceeded with till completion. The successful completion of such projects will have a direct and major impact on the value of units and late completion or failure of the project which may affect the distribution of profits to the investors and net value of the Fund's assets.

### Risks of Increase in Construction Costs

The costs of construction of a real estate project may exceed the determined expectations for different reasons, including, for example without limitation, delay due to industrial disputes, disputes with subcontractors, increase in the costs of building materials, equipment and labor, bad climate conditions and unexpected problems and circumstances. If possible, the excess of costs will be mitigated by entering with contractors into contracts with fixed timing and fixed lump sums in addition to appropriate provisions for emergency conditions. However, no guarantee can be made that the mitigation measures that will be adopted will be successful in eliminating the risk of incurring high excesses of costs. Such excesses may cause losses in investments. In such cases, reliance on contractors may be limited. Any increase in the costs of construction may reduce the net income of the Fund and, consequently, the percentages of available cash distributions to unit holders.

### Infrastructure Risks

Concerning the real estates under construction, the Fund will rely on the government and the competent municipality in the provision of the infrastructure required for the development site, including water, sanitary, electricity and roads. If the government and the competent municipality are unable to complete infrastructure projects on a timely basis or as currently expected, this will undermine the ability of the Fund to complete or operate the real estates **and negatively affect the Fund's performance for late operation of the** real estate as planned as this will reduce distributions to unit holders.

## Finance Risks

**The finance of the Fund's assets may possibly have a negative impact on the income generated** by the Fund or lead to loss of capital. It is expected that any facilities granted to the Fund will have a material impact on the increase or decrease of the value of the Fund's assets since **borrowing may lead to random changes in the value of the Fund's assets** or expose it to a loss exceeding the amount invested. Resort to finance creates an opportunity to increase of returns, but at the same time, involves a high level of financial risk and might expose the Fund and its investments to other elements such as high cost of finance an economic stagnation. In addition, the Fund's assets may be mortgaged to a lender only for the interest of the Fund without resorting to the unit holders. Such lender may claim for mortgaged assets on the occurrence of any default in payment by the special-purpose vehicle, the Fund Manager or the Fund itself.

## Competitors Risk

The Fund competes with other owners, operators and real estate developers in the Kingdom of Saudi Arabia. Some of them may have similar real estates to the real estates owned by the Fund at the same area where the real estates are located If the Fund's competitors lease out residential or commercial spaces similar to the real estates owned by the Fund or sell similar assets to such real estates owned by the Fund at an equal value or lesser value than the Fund's valuation of the comparable assets, the Fund may not succeed in leasing out the commercial and residential space at appropriate prices or at appropriate terms or may not succeed in lease or sale at all. This arises from the increase of Fund's costs by incurring additional expenses for protection and preservation of the real estate and non-utilization of the lost income of the real **estate, and consequently the decrease of unit holders' distributions levels.**

## Conflicts of Interest Risks

The Fund Manager carries out a set of activities that involve financial investments and consultancy services. There might arise conflicts between the interests of the Fund Manager with the Fund's interests. Any conflict of interest will limit the ability of the Fund Manager to objectively perform its duties, which may negatively affect the investments, returns and distributions of the Fund. On the emergence of any conflict of interest, the Fund Manager will **disclose the same to the Fund's Board to make the necessary** decision with regard to the conflict of interests in the manner that ensures the interests of unit holders., disclose any

conflicts of interest in the terms and conditions and periodical reports of the Fund and immediately disclose any conflicts of interests that may arise from the operations of the Fund.

### Risks of Inability to Exit from the Fund Investments at Good Terms

The Fund will exit from the real estates and other assets at the time that the Fund Manager deems appropriate for the interest of the **Fund and unit holders**. **The Fund's ability to dispose** of the real estate properties according to favorable terms that rely on elements beyond the control of the Fund, including competition from other sellers and the availability of finance solutions that attract potential purchasers. If the Fund is not able to dispose of its assets according to the preferable terms or the timing in which the Fund Manager disposes of the assets, its financial condition, the results of operations, cash flow and ability to distribute profits to the unit holders might be negatively affected.

### Risks of Third Party's Default and Credit Risks

The Fund will be vulnerable to the credit risks of the parties with whom the Fund will do business. The Fund might also bear default risks. In addition, the Fund may, in certain **conditions, be subject to the risks of the Third party's default of its contractual obligations**, including land owners, real estate managers, lending banks and/or contractors. Any default by a third-party contractor in satisfying its contractual obligations and making due payments to the Fund will lead to decrease of expected income of the Fund and, consequently, the returns to unit holders.

### Risks of Tenants' Inability to Meet their Lease Obligations

The Fund's results may be negatively affected if a large number of tenants is unable to meet their contractual obligations. In addition, if a tenant resorts to bankruptcy, insolvency or other similar laws, he may terminate his lease contract, which will reduce the Fund's cash flow. In case of a large number of defaults of obligations or bankruptcy of tenants, the cash flow of the Fund and the ability of the Fund to implement distributions to unit holders might be negatively affected.

### Risks of Potential Inability to Renew the Lease Contract or Re-Lease the Rented Space on Expiration of Contract

The Fund will derive most income from the amounts of rents paid by the real estate tenants and, accordingly, the financial condition of the Fund, results of operations, cash flow and the

ability of the Fund to implement distributions to investors might be negatively affected if the Fund is unable to re-lease the real estate properties immediately or renew the lease contracts or if the rental amount on renewal or re-lease is much lesser than the expected amount. If a tenant encounters stagnation of business or any other financial hardship, it might be unable to **pay the rental amount on a timely basis or till renewal of his contract. In addition, the Fund's** ability to lease out the rental space and the rental amount received will be affected not only by tenants' demand, but also by the number of other real estates that compete the Fund's real estates in attracting tenants.

### Risks of un Insured Losses

The Fund will maintain a commercial liability insurance, property insurance and other types of insurance that cover all properties owned and managed by the Fund as per the type and limits believed to be sufficient and appropriate, having regard to relative risks that apply to the real estate at the appropriate cost of coverage subject to the application of good industry practices. Insurance may also be arranged against certain risks, such as those arising from acts of terrorism, tempest, floods or earthquakes subject to certain restrictions, including insurance policy restrictions. Therefore, the Fund may incur financial losses that exceed the proceeds of insurance and might become unable to continue having insurance coverage at commercially reasonable prices. If the Fund encounters an unsecured loss or a loss exceeding the limits of insurance with regard to the ownership of one or more real estates, the Fund may lose the capital invested in damaged properties in addition to the future returns expected from these properties. Certainly, any such loss may probably have a negative impact on the financial condition and results of operations of and the cash flows arising from the Fund and, **consequently, the Fund's ability to provide financial distributions to the unit holders.**

### Real Estate Valuation Risks

For the purposes of valuation of a certain real estate within the Fund's investment portfolio, the Fund Manager will carry out internal valuations in many cases as to the Fund in addition to the valuation made by the independent valuers accredited by the Saudi Authority for Accredited Valuers. The valuations made by the Fund Manager are for valuation of a certain real estate only, not an accurate measure of the value that can be obtained when selling such real estate. The final verification of the market value of the real estate mainly relies on the negotiations between the seller and the purchaser, which may be affected by economic conditions and other conditions beyond the control of the Fund and the Fund Manager. Such conditions include, without limitation, the market conditions in general. If the Fund decides to

liquidate its assets, the realized value may be higher than or lesser than the estimated valuation of these assets. During the periods of economic fluctuations, the uncertainty of which is higher with regard to some valuations and similar operations against which the value measurement is lesser, the difference between the estimated value of a certain real estate asset and the final market value of such assets increases. In addition, relative uncertainty concerning the cash flows of the insolvent market may negatively affect the accuracy of real estate valuations and, consequently, the negotiations between the seller and the purchaser and the sale price, which will affect the return to unit holders.

### Risks of Concentration in the Real Estate Sector

The Fund may invest in assets concentrated in a certain sector, e.g., the hotel or commercial **real estate sector**. **The Fund's concentration of investments in one or more sectors may** expose the Fund to the risks of economic recession in excess of the additional assets involved in the investment assets of the Fund in another/other sector(s). As a result, this recession may have a major negative impact on the financial condition, results of operations, cash flows and ability of the Fund to make profit distributions to the investors.

### Value Reduction Risks

If the Fund decides to increase its size in the future, this may require further finance by issuing new units, which may lead to the reduction of the shareholding value and voting rights of current unit holders in addition to the percentage of their units to total amounts of subscription contributed to in the Fund.

### Risks of Investments in Murabaha Funds, Listed Shares and Other Real Estate Investment Funds

The Fund may invest in Murabaha in Saudi Riyals with Saudi local banks or in shares and stocks of real estate companies listed in the Saudi Stock Exchange or other traded real estate investment funds listed in the Saudi Stock Exchange. The value of these types of investments may decrease as they are not bank deposits. In addition, there are third party default risks with regard to the Murabaha transactions arising from trading of financial instruments that cannot be easily converted into cash, in which clearing or payments are not made with a clearing company or a capital market, which may negatively affect the cash distributions and market value of the units.

### 3. Other Risk Factors:

#### Risks of Legal Status

The fund is a contractual arrangement between the unit holders and the Fund Manager. Such contractual arrangement is governed and supervised by the Capital Market Authority. This Fund has no legal personality of its own; that is why the degree of agreement of any governmental entity or court in Saudi Arabia of this difference between the legal status of the Fund and that of the Fund Manager is still unclear and untested, as far as we know.

#### The Legal, Regulatory, and Tax Risks

The information mentioned herein is based on the laws applicable in the time of issuing them. Legal, Tax, Zakat, and regulatory changes might happen in Saudi Arabia or elsewhere during the period of the Fund, which might have adverse effect on the Fund, its investments, or unit holders. There are currently no Taxes imposed on investment funds in Saudi Arabia, except for the value added Tax. However, Taxes might be imposed on investment funds in the future.

#### Income Tax and Zakat Risks

Investment in the Fund involves a variety of Tax risks that are not known clearly in the date of writing the terms and conditions herein. The fact that the Fund is subject to Tax payments leads to decreasing the cash amounts available for the Fund's operations, in addition to the potential distributions to the investors. The Taxes incurred by the investors will lead to decreasing the returns related to investment in the Fund. Potential investors must consult their Tax consultants on the Taxes resulting from owning, selling and investing in the units.

#### Risks of Not Achieving Returns

The Fund Manager does not guarantee that it would be able to achieve the investment returns. All the amounts mentioned in the Terms and Conditions herein are for the purpose of clarifying the returns targeted in the future based on the current contracts. The actual Fund returns might differ from the amounts mentioned in the Terms and Conditions herein if the tenant does not comply with the contract conditions or if the contract value changes in the future. There will be no guarantee on achieving such returns.

### Value-added Tax Risks

The value-added Tax is set to be implemented in KSA at the beginning of January 2018. Pursuant to the executive regulations of the value-added Tax issued recently in KSA, investment in the Fund is not expected to be subject to such Tax. However, investors should seek consultation with regard to the impact of value-added Tax on their investments in the Fund.

The Fund Manager is expected to be subject to the value-added Tax with regard to its own activities and business. Therefore, the payments due to the Fund Manager shall be amended, taking value-added Tax into consideration. Consequently, the impact of value-added Tax on the Fund and return of the unit holders is unclear.

### Withholding Tax Risks

By virtue of the Tax laws in KSA, the installments paid by a resident (a Tax payer or not) to a non-resident person shall be subject to withholding Tax. Therefore, the instalments of the profits of the investment Fund, including real estate investment traded fund paid to non-resident investor, may be subject to withholding Tax by 5%. However, based on the present practices, investments funds are not subject to withholding Taxes on payments from the fund to the non-resident unit holders. However, such Tax might be imposed in the future, which might decrease the returns of the investment fund. Potential investors should consult their Tax consultants with regard to the Tax impacts on the investment in, retention and dispose of the units.

### Governmental and Municipal Approvals' Risks

The fund might not manage to achieve its investment objectives if any required municipal approval or accreditation is rejected or if the same is granted with unacceptable conditions. In such cases, the Fund might not be able to complete an investment or a real estate development operation.

### Saudization Risks

The government in Saudi Arabia requires the employment of high percentage of Saudi citizens in developing the real estate sector in Saudi Arabia (Saudization). The extent to which the Fund and its investments would be required to implement the Saudization policies is still unclear. Saudization might require hiring additional employees or providing additional training, which

results in additional costs that might cause operational costs higher than what is basically expected which is deduced from the Fund net income. This decreases the net profit available for distribution to unit holders.

### Risks of Litigation with Others

The activities of the Fund assets make it vulnerable to the risks of entering into litigation with others. The Fund shall bear the defense fees against the claims of third parties and the amounts of settlements or judgements, which might decrease the net assets and the distributions to the unit holders.

### Risks of Defining Responsibilities and Compensation

The Terms and Conditions herein define the conditions in which the Fund Manager, or any of the directors, officials, employees, agents, and consultants working for it; the affiliated companies and the relevant parties; the Custodian; each developer; real estate manager; the Shari'a Committee; and Fund Board of Investment, shall bear any responsibility towards the **Fund. Consequently, the investors' right in compensation might be defined by way of** comparison with situations that might not be the same as the restrictive conditions stipulated in the Terms and Conditions herein. In addition, the Terms and Conditions herein state that the Fund shall compensate the Fund Manager and its affiliated companies for the claims, losses, damages, expenses resulting from their actions on behalf of the Fund. This might **fundamentally impact the obligations to pay compensations on the investors' returns.**

### Future Data

The Terms and Conditions herein might contain future data related to future events or to the future performance of the Fund or its expected assets. In some cases, future data might be **defined with terms such as the following: "We target," "we expect," "we believe," "we estimate," "continues," "we are waiting for," "we intend," "perhaps," "plans," "projects," "it is assumed," and "will," or the opposite of such terms or any other similar ones. Such data are just** speculations, while the actual events or results might fundamentally change. Potential investors must, upon evaluating such data, specifically consider a number of different factors, including the risks mentioned in the Terms and Conditions herein. Such factors might make the actual events or results substantially different from any of the future data mentioned in the Terms and Conditions herein.

The aforementioned does not include complete and comprehensive explanation of all the risk factors involved in the unit investments in the Fund. Therefore, we strongly recommend that all potential investors seek independent consultation from their professional licensed consultants.

- b. Investment in the Fund excludes any guarantee that investment will be profitable or that the investor will not bear any loss. Therefore, each potential investor should take the elements below into consideration before investment in the Fund. The investors shall solely be liable for any financial loss arising from investment in the Fund unless this is a result of fraud, negligence or willful misconduct by the Fund Manager.

## 11. Subscription:

### 1. Subscription's start and end date:

Fund units have already been offered; **The Fund's capital** was SAR 500,000,000.00 The Fund capital was increased to SAR 1,633,000,010.31 by offering 121,697,101 new units ("the New Units") with an offering price that equals the average closure price for 30 trading days of the **Fund's units before the date on which the Capital Market Authority approves the capital increase** which is SAR 9.31 per unit ("Target Offering Price Offering Price"). A number of 28,370,310 new units was offered for cash subscription. A number of 93,326,791 new units will be issued with the Target Offering Price in return for in-kind subscription from the owners of the new real-estates the Fund intends to acquire with **relation to increasing Fund's capital**.

New units were offered as per the applicable procedures according to the regulatory controls and procedures issued from Saudi CMA, as well as the regulations of the real-estate investment funds.

Cancellation and refund:

Offering new units may be cancelled and all amounts of subscription shall be returned to investors in any of the following cases (unless the CMA decides otherwise):

1. **Failure to meet the minimum subscriptions of SAR 500 million during the Fund's capital increase;** or
2. If the number of unit holders from the public is less than Fifty-unit holders;
3. **If the number of unit holders from the public is less than 30% of the total holders of the Fund's units;**
4. If the ownership of the assets set to be transferred to the Fund is not transferred.

5. If the offering of the new units is cancelled, any subscription amounts received shall be returned to investors within 5 business days of the date of cancellation (particularly any bank fees, transfer fees, or currency Exchange fees).

2. A detailed statement of real estate owners intending to subscribe in the fund with in-kind contributions and their ownership percentage, in addition to a table stating the ownership percentage of all subscribers;

The subscription was in return for the in-cash and in-kind contributions as follows:

Subscription type	Unit number	Unit value in SAR	Percentage from the total capital increase	Percentage from the capital after increase
In-kind subscription: <sup>1</sup>	93,326,791	868,872,424.23	76.69%	53.21%
Burj Rafal Real Estate Company - Burj Rafal and the Boulevard <sup>2</sup>	60,496,502	563,222,433.62	49.71%	34.49%
Mohamed Amin Dahlawi Sons - Omnia Center	18,045,112	167,999,992.72	14.83%	10.29%
Higher Education Fund - Electronic University	14,785,177	137,649,997.87	12.15%	8.43%
Cash subscriptions - existing unit holders and the public	28,370,310	264,127,586.10	23.31%	16.17%
Total capital increase	121,697,101	1,133,000,010.31	100%	69.38%
Total targeted Fund capital after increase	171,697,101	1,633,000,010.31		100%

- (1) **The unit fractions won't be calculated in the in-kind subscriptions.** The owners shall be compensated in cash for the fraction amount in the excluded units. Therefore, the mentioned amounts might differ very slightly in amount that does not exceed the value of a new unit in the targeted subscription price.
- (2) As indicated in the Terms and Conditions herein, the percentage of Rafal Tower Real Estate Company might increase from the abovementioned, in case some units remain unsubscribed to for the cash subscription period. The in-kind subscriptions amount for Rafal Tower Hotel and the Boulevard might increase in comparison of the in-cash subscriptions. In all cases, the public ownership percentage will not exceed 30% of the total units in the Fund after increasing the capital.

3. A detailed statement of the fund manager's subscription amount in the fund during the offer period:

The Fund Manager may invest in the Fund Units, either by subscription or purchasing Fund units from the market. The Fund Manager shall disclose any of its investments in the Fund at the end of each Fiscal Year in the financial disclosure summary.

4. A statement that includes an undertaking by the fund manager of his commitment to the Non-Saudis Real Estate Ownership and Investment Law:

The Fund Manager undertakes to adhere to the Non-Saudis Real Estate Ownership and Investment Law.

5. A detailed statement of the minimum and maximum amount of subscription:

Minimum subscription

Minimum for cash subscription for all eligible investors is 50 units equal to SAR 465.50. This condition does not apply to in-kind subscription.

Maximum subscription

The maximum of the cash subscription for all Eligible Investors is 8,700,000 units equal to SAR 80,997,000. This condition does not apply to in-kind subscription. **And the Fund Manager's** subscription, since it will subscribe with a share that is equal to 10,741,139 units (equivalent to SAR 100,000,004).

6. The means of applying for subscription;

Via the Fund Manager- Riyadh Capital Company

**Investors may subscribe to the Fund's capital** increase, provided that they have active investment portfolio at any financial company licensed by the CMA. Investors shall subscribe via the electronic channels of the Fund Manager, by visiting the website: [www.riyadcapital.com](http://www.riyadcapital.com)



Through the receiving entities (Riyad Bank, Al Rajhi Bank, the National Bank, and Banque Saudi Fransi)

The investor can subscribe provided that he has a bank account at Riyad Bank, Al Rajhi Bank, the National Bank, and the Banque Saudi Fransi, and an active investment portfolio. The investor shall subscribe through the electronic channels of the bank or its branches in KSA cities.



The following documents shall be submitted when subscribing, based on the investor category:

Documents required from all investors:

Subscription Request (paper or electronic copy, as the case may be) signed and fully filled, making sure there is enough balance for the subscription amount.

Documents required from individuals:

Copy of valid national ID for Saudis or copy of valid Iqama for residents.

## 7. A detailed explanation of the subscription method in the fund;

First Step: Preparing the following subscription requirements:

- Electronic copy of valid national ID / Iqama;
- **Providing bank account number (IBAN) under the investor's name and ensuring there is a sufficient amount for subscription.**

Second Step: Transferring the subscription amount:

The full subscription amount will be transferred during the subscription period to the account mentioned in the subscription page at Riyad Capital:

For example: If the investor desires to subscribe with SAR 10,000, an amount of SAR 10,000 shall be transferred.

The full subscription amount shall be transferred from a bank account registered under the name of the eligible investor applying to invest in the Fund, provided that the reference number of the

transfer shall be added to the Subscription Request in the Third Step (below), in addition to attaching a copy of the national ID/Iqama. In case of any mismatch between the transfer amount attached and the **subscriber's** name, the Fund Manager is entitled to reject the Subscription Request.

Third Step: Filling the Subscription Request -- electronic subscription feature:

The investor gets the Subscription Request by visiting the website of the Fund Manager [www.riyadcapital.com](http://www.riyadcapital.com). The investor must fill the Subscription Request fully and send it electronically, after getting approved by using the electronic subscription feature. The investor shall also attach all the documents required and illustrated in the First and Second Steps.

No Subscription Request or bank transfer shall be accepted after the Subscription Period. No investor can amend the data mentioned in the Subscription Request after sending it. Subscription can be cancelled and a new application can be submitted. However, subscription cannot be cancelled after getting approval and confirmation.

In all cases, investors of different types must take into consideration fulfilling the subscription requirements and documents and upload them via the electronic subscription feature.

Fourth Step: Confirming subscription receipt:

The Fund Manager shall send confirmation of the receipt of the Subscription Request to the client by email or by SMS to the mobile number registered via the electronic subscription feature, within 5 business days of the date of closing the Subscription Period.

Fifth Step: Subscription Request acceptance:

The Subscription Request will be reviewed within 5 business days after the date of closing the Subscription Period. If the Subscription Request does not fulfill all the requirements or if there are any remarks, the client shall be notified via the email or by SMS to the mobile number registered via the electronic subscription feature to fulfill the requirements within one business day of notifying the subscriber. If the application is complete, a notification will be sent to the investor with the acceptance of the Subscription Request.

Company, investment funds, and investment portfolios investors shall refer to any branch of Riyadh Capital:

Documents required from companies:

- **Copy of the Commercial Register with the company's seal.**
- Copy of the Articles of Association and the by-laws **with the company's seal.**
- Copy of the authorized signatory ID with the company seal and signed by the mandator.

Documents required for investment funds:

- **Copy of the Fund Manager Commercial Register with the company's seal.**
- Copy of the Articles of Association and the by-laws **of the Fund Manager with the company's seal.**
- Copy of the activity license of the Fund Manager.
- Copy of the terms and conditions of the Fund.
- Copy of the CMA approval of the Fund offering.
- Copy of the authorized signatory ID with the company seal and signed by the mandator.

Documents required for investment portfolios:

- Copy of the investment portfolio owner ID.
- **Copy of the Commercial Register of the Portfolio Manager with the company's seal.**
- Copy of the Articles of Association and the by-laws of the Portfolio Manager with the **company's seal.**
- Copy of the activity license of the Portfolio Manager.
- Copy of the portfolio investment management agreement.
- Copy of the authorized signatory ID with the company seal and signed by the mandator.

Remarks:

- The client shall verify the submitted data and documents, and Riyadh Capital shall not be responsible for any errors.
- The client shall take into consideration the match between the Subscription Request amount with the executed bank transfers. The Subscription Request shall be rejected in case of any mismatch with addition or omission.
- Any amount transferred from an account other than the account registered at the Fund Manager when subscribing to the Fund shall be rejected/not accepted and the bank account **must be under the client's name.**
- For any inquiries, please contact us at 920012299 or via email: [ask@riyadcapital.com](mailto:ask@riyadcapital.com)

## 8. A detailed explanation of the subscription method of minors and dependents in the fund:

Subscriptions of dependents and minors in the fund shall be accepted through the legal guardian or the principal, and the following documents related to minors and dependents must be submitted to the Fund Manager:

- A copy of the national ID for Saudis or a valid residency ID for expatriates aged between 15 and 18 lunar years, or a Family Register card (or its equivalent for expatriates) for minors under 15 lunar years or dependents.
- A copy of the national ID for Saudis or a valid residency ID for expatriates of the legal guardian submitting the application.

## 9. The mechanism that will be followed by the fund manager to allocate the units among subscribers:

### (a) In-kind subscription

A number of 93,326,791 new units will be offered to the sellers of the assets, whose **ownership shall be transferred to the Fund with regard to the increase in Fund's capital.** The Fund will, particularly, do the following:

- Acquire the Rafal Tower Hotel and the Boulevard with a purchase price of SAR 677,000,000, of which SAR 113,777,565.86 will be paid in cash, and 12,221,006 new units will be issued with the Target Offering Price of SAR 9.31 per unit, making the total of the in-kind subscription SAR 563,222,433.62, in addition to an amount of SAR 0.52 in cash as a compensation for the unit fractions;
- Acquire Omnia Center, with a purchase amount of SAR 168,000,000 by issuing 18,045,112 new units in the Target Offering Price of SAR 9.31 per unit, making the total of in-kind subscription SAR 167,999,992.72, in addition to an amount of SAR 7.28 in cash, as a compensation for the fraction units;
- Acquiring the building of the Saudi Electronic University with a purchase price of SAR 137,650,000, by issuing 14,785,177 new units with the Target Offering Price of SAR 9.31 per unit, making the total of the in-kind subscription SAR 137,600,012.50 in addition to an amount of SAR 2.13 as a compensation for the unit fractions.

The target is for the in-kind subscriptions to reach 76.7% of the new offered units, and 53.2% of the total units after capital increase.

(b) Cash Subscription

In addition to issuing the new units by in-kind subscription, **the Fund's capital will be increased in cash by issuing 28,370,310 new units with the Target Offering Price of SAR 9.31 per unit for the public Eligible Investors including institutions and individuals in addition to the unit holders registered in the unit holders registry of the Fund at the Securities Depository Center Company (Edaa) by the end of the second trading day preceding the date of the general assembly ("Allocation Effective Date") to be held for the purpose of approving the capital increase and the terms and conditions related to increasing the Fund's size that will have the priority in the allocation of the subscribed to units ("Allocation Eligible Persons") as indicated in the allocation mechanism below.**

The cash subscription period starts on 01/04/2018 corresponding to 15/07/1439H and ends after the elapse of 10 business days (14 calendar days) on 12/04/2018 corresponding to 26/07/1439 H. ("Subscription Period"). If the units remain unsubscribed to for the period of cash subscription, the Fund Manager may extend the Subscription Period for 5 business days after the approval of CMA ("Subsequent Subscription Period"),

If the units remain unsubscribed to after the end of the Subscription Period and the Subsequent Subscription Period, ("Remaining Units"), and the total amount of the cash and in-kind subscriptions is less than SAR 1,133 million and more than SAR 500 million, the minimum of the subscriptions in the Fund will be accepted and the units subscribed to in cash will be allocated as mentioned below in the Allocation Mechanism. The Fund Manager will also do the following:

- 1- Arranging for the asset sellers to increase the in-kind subscriptions versus the cash subscriptions, taking into consideration the regulations and instructions of the public subscription; and/or
- 2- Cancelling the units unsubscribed to partially or fully, and having only the collected subscriptions. The Fund will finance the remaining amount to complete the acquisition processes and the completion of development projects, with maximum 50% of the total **value of Fund's assets, from Riyadh Bank or any other financial institution** by virtue of the existing facilities agreed upon with the Fund Manager on behalf of the Fund.

#### Allocation Mechanism:

If the Subscription Period or the Subsequent Subscription Period in case of extension ends and the total amounts of subscription collected from all investors (including the in-kind subscription) are equal to or more than the minimum required to be attracted for the Fund, which is SAR 500,000,001.83. The minimum Fund's subscriptions will be accepted and the units subscribed to in cash will be allocated as per the following subscription steps:

#### First Allocation Stage:

The priority in allocating the new units offered in the cash subscription will be for the Persons Eligible for Allocation by One new unit for each owned unit, provided that an application is submitted with the same and the necessary procedures are completed. Unit fractions shall not be counted in the Allocation Mechanism, since the unit fractions (if any) will be allocated during the second stage.

Examples on the Allocation Mechanism during the First Stage:

If there is an investor who owns 1,000 units at the Allocation Effective Date, assuming that the offering price is SAR 10 for each unit (the rate of allocating One unit for the currently owned unit):

Number of owned units before the offering	Allocation priority (New unit)	Subscription amount (Riyal)	Allocation percentage	Number of units allocated in the First Stage	Total number of units after allocation	Surplus after the First Stage
1000 units	1,000 units	5,000.00	100%	500 units	1500 units	NA
1000 units	1000 units	10,000.00	100%	1,000 units	2000 units	NA
1000 units	1000 units	20,000.00	50%	1,000 units	2000 units	SAR 10,000

## Second Allocation Stage:

The remaining units, to which the persons eligible for allocation have not subscribed fully or partly, if any, in addition to the unit fractions, will be allocated to all qualified investors who are not eligible for allocation and to all unit holders who subscribed with more than one new unit for each owned unit (surplus after the First Stage). The remaining units will be allocated in equal portions for all subscribers until the minimum of 50 units is covered. If the minimum is covered to all subscribers, the remaining units will be allocated in proportional with the amount of subscription applied for.

Example on the Allocation Mechanism during the Second Stage:

If there are any units remaining after the First Stage, in a number of 10 million units with the value of SAR 100 million and potential offering price of SAR 10 per unit in which no eligible person is subscribed fully or partly, in addition to the unit fractions:

After the End of the First Stage		The Second Stage			
Number of remaining units	Number of public subscriptions and the surplus amount	Number of allocated units	Amount of allocation	Number of unsubscribed units	Cash surplus
10 million units	SAR 50 million	5 million units	SAR 50 million	5 million units	NA
10 million units	SAR 100 million	10 million units	SAR 100 million	NA	NA
10 million units	SAR 200 million	10 million units	SAR 100 million	NA	SAR 100 million surplus to be returned to the investors

The Third Stage:

**If units remained unsubscribed (“Remaining Units”), the Fund Manager will arrange for the asset sellers specified in increase the amount of in-kind subscriptions as compared to the cash subscriptions, so the finance of the acquisitions financing will be through in-kind subscriptions fully to the asset sellers.**

The Fund Manager may decide to find the collected amounts sufficient, cancel all the remaining units fully or partially and finance the remaining amount required to complete the acquisition

operations and complete the development projects, from Riyadh Bank or any other financial institution by virtue of the existing facilities agreed upon with Fund Manager on behalf of the Fund.

Subscription acceptance and returning the surplus:

The Fund Manager shall notify each investor within 5 days of receiving the Subscription Request with the acceptance or rejection thereof, either fully or partially. The surplus cash subscriptions will be returned without any deductions, except for the transfer fees, after deducting the value of the allocated units within 5 business days from the date of allocating the units.

#### 10. The mechanism of increasing the fund's total assets value by accepting in-kind contributions or cash contributions, or both, if any; and

(a) Mechanism for **increasing Fund's capital:**

If the Fund Manager decides that the Fund needs to increase its size, the Fund might increase its size through the following procedures in consistency with the laws and regulations issued by CMA:

- 1- Issuing additional units in return for cash subscriptions for the public and all Eligible Investors of individuals and institutions, including existing unit holders. In this case, the unit holders in the Fund shall have priority in allocation of any additional units issued by the Fund. If they do not subscribe, the Unit Manager is entitled to allocate the units to other Eligible Investors from the public.
- 2- Accepting in-kind subscription that might result in immediate decrease in the percentage of the contribution of the existing unit holders in the Fund, as compared **to the Fund's capital; and**
- 3- Accepting both cash and in-kind subscriptions.

(b) Criteria for issuing units:

**At any increase in the Fund's capital, the Fund Manager shall offer units in the Fund, if it deems the same to be an added value or complementary and in the best interest of the unit holders. The Fund Manager shall take the following factors into consideration when issuing units in the Fund in the future:**

- 1- Net value of the Fund assets, as defined by virtue of the most recent valuation of the Fund assets;

- 2- The market price of the Fund units and the historical average rates;
- 3- The added value and/or complementary value resulting from issuing the units; and
- 4- The market and economic conditions and the status of the real estate investment sector and the levels of cash liquidity.

(c) **Procedure for increasing Fund's capital:**

The Fund Manager shall take the following procedures to increase the Fund's capital:

Applying for Fund's capital increase at CMA; and

- 1- Issuing and publishing the approval on Fund's capital increase after obtaining CMA's approval.
- 2- Obtaining the approval of the unit holders to increase Fund's capital.

11. A timetable outlining the dates upon which is expected to start offering the units until the trading of such units.

Timeline:

Procedure	Targeted period of time
Obtaining the approval of CMA on <b>the increase of Fund's capital</b>	28/02/2018G
Obtaining the approval of the unit holders	17 business days after the date of obtaining CMA approval on <b>the Fund's offering</b>
Preparing and coordinating with the receiving entities regarding <b>offering Fund's units</b>	5 to 10 business days after the date of obtaining the approval <b>of the unit holders on the Fund's capital increase</b>
Subscription Period	10 business days starting from 01/04/2018 corresponding to 15/07/1439 H and ending on 12/04/2018 corresponding to 26/07/1439 H.
Subsequent Subscription Period (in case of extending Subscription Period)	5 additional business days after the end of the Subscription Period

Accepting or rejecting Subscription Request	The offering agent and the receiving entities shall notify the investor with confirming or rejecting its subscription within 5 business days of the date of closing the Subscription Period or of the date of closing the Subsequent Subscription Period
Declaring unit allocation	7 business days after the date of closing the Subscription Period or the date of closing the Subsequent Subscription Period
Returning the surplus amount from the subscription amount related to the investor	5 business days after the date of unit allocation
Acquiring the assets, transferring their ownership and listing the <b>Fund's units</b>	Within 90 business days after the date of closing the Subscription Period
Declaring the cancellation of capital increase (in case of not covering the minimum)	7 business days after the date of closing the Subscription Period or the date of closing the Subsequent Subscription Period
Cancellation and refund	If the offering is cancelled, all the subscription amounts will be returned within 5 business days after the date of declaring the cancellation of the capital increase

### Eligible Investors

The Fund Manager will offer the new units in consistency with the law governing real estate ownership or investment for non-Saudis.

The Fund Manager is entitled to, fully or partially, reject the subscription for any investor in the Fund, if such subscription violates the Terms and Conditions herein. The real estate investment funds regulations, or any other regulations applied from time to time by CMA or any other regulatory entity.

The Fund Manager shall take all the reasonable procedures that might be necessary to ensure all the time:

- That the number of unit holders from the public is not less than Fifty-unit holders;
- **That the ownership of the unit holders from the public is not less than 30% of the Fund's units.**

## 12. Trading of the **Fund's** Units:

### a. The procedures of trading the REIT fund units on the Exchange.

1. The fund units shall be traded in the same way of trading the shares of the companies listed in Saudi Stock Exchange (Tadawul). Therefore, the unit holders will be able to trade during the regular trading hours in any business day directly through Saudi Stock Exchange
2. Regardless of any other clause, the trading of the fund units shall not be restricted and shall not be subject to the prohibition stated in Article 41 of the real estate investment funds of the trading of the Related Parties in the Fund units.
3. **Subscription to or purchasing of Fund Units shall be deemed an acceptance of the Fund's Terms and Conditions.**

### b. The events that result in suspension of the fund and/or the cancelation of listing.

The CMA **may suspend the trading of the Fund's units or cancel their listing** at any time as it deems appropriate, including in any of the following cases:

1. If it considers it necessary to protect investors or to maintain an orderly market.
2. If the Fund Manager or Custodian fails, in a manner the Authority deems material, to comply with the Law or its Implementing Regulations.
3. If the Fund Manager fails to pay any financial dues to the Authority, the Exchange, or any fines due to the Authority on their due dates.
4. If the Authority deems that the Fund, its operations, level of activity, or assets are no longer suitable for continued listing of its units on the Exchange.
5. If the Custodian or Market Maker (where applicable) fails, in a manner the Authority deems material, to comply with the Law, its Implementing Regulations, or the Exchange Rules.
6. Upon the termination of the Fund.
7. If the liquidity requirements specified in the Listing Rules are not met.
8. The Fund Manager may submit a written request to the Authority to temporarily suspend the **trading of the Fund's units or to cancel their listing**, provided that the request includes the specific reasons for the suspension or cancellation. The Authority may accept, reject, or approve the request with conditions and restrictions as it deems appropriate.

### 13. Dividend Policy:

The Fund Manager aims at distributing annual cash profits to the investors of no less 90% of the Fund net profits, within 90 calendar days of each calendar year, with the exception of the capital gains resulting from selling the real estate assets.

### 14. Termination and Liquidation of the Fund:

#### a. Statement of any events, which will result in the termination of the fund:

**The Fund may be terminated (a) at the end of the Fund's period, (b) if all of its assets has been disposed of and all proceeds distributed from such procedures to the unit holders, (c) in case of any change in the laws, regulations, or the legal requirements or any other fundamental changes to the market conditions in The Kingdom of Saudi Arabia and the Fund Manager considered that as a justified reason to terminate the fund, and (d) if it is required to terminate the Fund as per a decision by CMA or by virtue of its regulations (each of the above is "Termination Case").**

Each Termination Case shall require the approval of the Fund Board and CMA. The Unit holders and the CMA shall be notified within (21) days of the date of the occurrence of the Termination Case.

In case of terminating the Fund for any of the reasons mentioned above, the unit listing shall be cancelled, the time plan of liquidation shall be announced and the liquidation procedures shall start. The Fund Manager shall appoint a liquidator who must work to terminate the Fund and distribute its assets to the unit holders, taking into consideration the interests of the unit holders. With the understanding that The Fund Manager can carry out the tasks of the liquidator and can distribute the Fund assets to the unit holders in kind, if it becomes impossible to dispose of the Fund assets or if the Fund Managers deems the same to be in the interests of the unit holders.

#### b. Statement of information regarding the procedures followed to terminate and liquidate the fund, in addition to the liquidation timetable:

Subject to all regulatory requirements in this regard and any approvals required from the unit holders and/or the Authority and/or the Fund's Board of Directors, unit holders and the Capital Market Authority shall be notified at least twenty-one (21) days prior to the planned date of fund termination. Accordingly, the delisting of units shall be affected upon a request submitted to the

market, and the liquidation timeline shall be announced within sixty (60) days from the date of **announcement on the Fund Manager's website and the market's website.**

The Fund Manager shall appoint a liquidator who must work to wind up the fund and distribute its assets to the unit holders by selling the owned real estate assets and distributing the proceeds to the unit holders according to their ownership percentages in the fund, taking into account the best interest of the unit holders. It is noted that the Fund Manager may perform **the liquidator's duties after obtaining approval from the Fund's Board of Directors.**

The Fund Manager shall also:

1. Notify the Authority and unit holders in writing of the details of the fund termination plan and procedures at least twenty-one (21) days prior to the planned date of termination, **without prejudice to the fund's terms and conditions.**
2. Notify the Authority and unit holders in writing **of the fund's termination within ten (10) days of the fund's** expiration date, in accordance with the requirements set forth in the Real Estate Investment Funds Regulations.
3. **If the fund's terms and conditions specify termination upon the occurrence of a** certain event, the Fund Manager must terminate the fund immediately after the event occurs and notify the Authority and unit holders in writing within five (5) days of the occurrence of the event **that triggers the fund's termination.**
4. **If the fund's term expires and the Fund Manager has not completed the sale of the fund's** assets during its term, the Fund Manager must liquidate the assets and distribute the proceeds to unit holders within no more than six **(6) months from the fund's** expiration date.
5. Obtain the **approval of the Fund's Board of Directors on the fund liquidation plan and** procedures.
6. Notify the Authority and unit holders in writing of the completion of the fund liquidation within ten (10) days of the liquidation completion date, in accordance with the requirements set forth in the Real Estate Investment Funds Regulations.
7. **Announce on its website, the market's website, or any other publicly available platform as** determined by the Authority (where applicable) the **expiration of the fund's term or its** liquidation period.

It is permissible to distribute the fund's assets in kind to the unit holders if it is impossible to dispose of the fund's assets or if the Fund Manager deems that doing so is in the best interest of the unit holders.

## 15. Fees, Services Charges, Commissions and Management Fees:

### a. All fees and charges that will be incurred by the fund's assets:

Management fees	The Fund shall pay the Fund Manager annual fees (“ <b>Management Fees</b> ”) equal to 1.2 % of the Fund assets (as defined in the Terms and Conditions herein). The management fees shall be calculated and paid semiannually by the end of each calendar half.
Custodian Fees	The Fund shall pay the Custodian annually custody fees of SAR 100 thousand annually. The custody fees shall be calculated and paid semiannually by the end of each calendar half.
Independent Board of Directors	The Fund will pay each of the Independent Directors up to a maximum of SAR 100,000 per year for each of them, payable at the end of each year or at the end of the contract period. The Fund will bear all actual travel and accommodation costs incurred by each member to attend meetings, up to a maximum of SAR 20,000 per member per calendar year.
Auditor Fees	The Fund shall pay an annual fee of SAR 30 thousand with a maximum SAR 65 thousand annually in return of the Auditor services.
Zakat and Tax Advisor	The Fund bears the costs of the zakat and Tax advisor amounting to 13,225 Saudi riyals, with a maximum of 30,000 Saudi riyals annually.
Financing fees	The Fund shall bear all the costs of finance, charges, and expenses related to <b>arrangement and structuring of financing in a way that is consistent with the Fund’s Shari’a compliance rules, if any. Negotiations in this regard shall be made on a pure commercial basis.</b>
Brokerage commission	The Fund might pay the real estate brokers a brokerage commission of maximum 2.5% of the price of purchasing any real estate asset. The percentage of the due commission might differ based on the negotiations between the Fund Manager and the relevant broker.
<b>Units’</b> registration and listing fees	The Fund shall pay the fees in return for the services provided from Stock Exchange (Tadawul). The fees will be as follows:  Registration fees: <ul style="list-style-type: none"> <li>▪ Service of developing owner registry: SAR 50 thousand in addition to SAR 2 for each investor with a limit of SAR 500 thousand.</li> <li>▪ Service of managing owner registry: SAR 300 thousand annually.</li> </ul> Listing fees: <ul style="list-style-type: none"> <li>▪ Service of initial listing of the Fund units: SAR 50 thousand.</li> </ul>

	<ul style="list-style-type: none"> <li>▪ <b>Service of listing Fund units: Amount: .03% of the Fund's market value, with a minimum limit of SAR 50 thousand and a maximum limit of SAR 300 thousand</b></li> </ul>
Dealing Fees	<p>The Fund shall pay the Fund Manager Dealing fees ("Dealing Fees") with 1% of the selling or purchasing price of each real estate asset sold or purchased by the Fund, in return for the fact that the Fund Manager carries out the necessary investigations and negotiations on the selling or purchasing conditions and closing the process. The Dealing Fees are due after the completion of the selling or purchase process for each real estate asset.</p> <p>Apart from the Dealing Fees, no fees or charges shall be paid to any Related Party (as defined in the regulations of the real estate investment funds) with relation to the acquisition, collection or disposing of any investments.</p> <p>In addition, the Fund may pay the real estate brokerage fees in case of selling or purchasing a real estate property via a real estate broker. Such fees shall depend on the effort made by the broker to close the deal. Provided that it shall not exceed 2.5% of the real estate property price in all cases.</p>
Property Management fees	Property Management Fees negotiated on a commercial independent basis shall be paid. The target is for each real estate manager to receive maximum 7% of the proceeds of the lease related to the relevant real estate.
Development/project management fees	If the Fund invests in a real estate development project, the real estate developer/project manager shall receive fees for developing and construction as negotiated on a commercial independent basis. The developer/project manager shall receive maximum 7% of the construction costs.
Expenses	<p>The Fund will be responsible for all charges and <b>expenditures of the Fund's activities</b> and investments. The Fund bears all fees resulting from transactions with third parties, as well as the consultation and legal fees and the allowances and salaries of the Fund board member. All services provided by third parties such as the legal and consultation fees, real estate consultants, relevant insurance costs, and any other professional services including expenses related to listing Fund units. The target is that such costs do not exceed 0.5% of the net value of the Fund assets.</p> <p>The Fund Manager shall bear all the public expenditures related to Fund management, including employee salaries in relation to the Fund, the Shari'a Committee costs, and the facilities costs and lease of the Fund office</p>
Value-added Tax	All the fees and expenses in the Terms and Conditions herein are referred to without adding the value-added Tax, excluding the expenses of the zakat and Tax advisor< unless otherwise indicated. To the extent to which the value-added Tax is due with relation to any service provided by a third party to the Fund or the Fund Manager in

its capacity as the Fund Manager, the Fund Manager shall pay the amount paid to the service provider from the Fund assets to reflect the due value-added Tax (or the market value equal to the value-added Tax, if any) multiplied by the rate of the value-added Tax applied to the relevant service (provided that a Tax invoice is issued and received by the Fund).

To the extent to which the Terms and Conditions herein stipulates that a certain person (including, but not limited to, an insured party) deserves compensation for the losses, costs, expenditures, or charges incurred in relation to the Fund, the compensation amount shall be discounted to an amount that equals any Tax balance on the relevant installment. If the paid amount is due in return or a part of a return of a service that is subject to Tax, it shall be increased in a way that is proportionate with the value of the value-added Tax, as per the above Paragraph.

The Fund Manager undertakes to provide the Zakat, Tax and Customs Authority with all reports and requirements regarding zakat declarations. The Fund Manager will also provide unit holders with zakat declarations upon request in accordance with the rules, and the investors subject to the provisions of these rules who own investment units in the Fund are required to calculate and pay the zakat on these investments.

The rules of the Zakat Authority can also be viewed through the following website: [www.zatca.gov.sa](http://www.zatca.gov.sa)

The Fund Manager has the right but not the obligation to waive or deduct any of the fees and expenses mentioned in the above table.

**b. Fees, percentage charged, amount charged, method of calculation and frequency of payment of fees:**

Fee type	Amount/percentage	Calculation method	Fee payment frequency
Management fees	1.2%	of the net assets value of the Fund (as defined in the Terms and Conditions herein).	The management fees shall be calculated and paid semiannually by the end of each calendar half.
custody fees	SAR 100 thousand annually.	Semiannually by the end of each half.	The custody fees shall be calculated and paid semiannually by the end of each calendar half.
Independent Board of Directors	The Fund will pay each of the independent directors a sum of money up to a maximum of SAR 100,000 per year each, payable at the end of each year or at the end of the contractual period. The Fund will bear all actual travel and accommodation costs incurred by each member to attend meetings, up to a maximum of SAR 20,000 per member per calendar year.		
Auditor Fees	SAR 30 thousand with a	Lump sum	paid to the Auditor by the end of each calendar year.

	maximum of SAR 65 thousand annually		
Zakat and Tax Advisor Fees	SAR 13,225 with a maximum of SAR 30,000 annually	SAR 13,225 with a maximum of SAR 30,000 annually, only actual fees will be calculated in accordance with the agreement concluded between the advisor and the fund manager.	It is calculated on a daily basis, added to the evaluation in aggregate, and then deducted at the end of the year: $(30,000 \div 365) \times 1 = 82.19$ for one day. Assuming that the Zakat and Tax Advisor fees for the fund are 30,000 Saudi riyals.
Financing Fees	The Fund shall bear all the costs of finance, charges, and expenses related to arrangement and <b>structuring of financing the fund that is consistent with the Fund's Shari'a compliance rules, if any.</b> Negotiations in this regard shall be made on a pure commercial manner.		
Brokerage commission	The Fund might pay the real estate brokers a brokerage commission of maximum 2.5% of the cost of purchasing any real estate asset. The percentage of the due commission might differ based on the negotiations between the Fund Manager and the relevant broker.		
Unit registration and listing fees	<p>Registration fees:</p> <ul style="list-style-type: none"> <li>- Service of developing owner registry: SAR 50 thousand in addition to SAR 2 for each investor with a limit of SAR 500 thousand.</li> <li>- Service of managing owner registry: SAR 300 thousand annually.</li> </ul> <p>Listing fees:</p> <ul style="list-style-type: none"> <li>- Service of initial listing of the Fund units: SAR 50 thousand.</li> <li>- Service of listing Fund units: Amount: <b>.03 % of the Fund's market value, with a minimum limit of SAR 50 thousand and a maximum limit of SAR 300 thousand.</b></li> </ul>		--
Dealing Fees	1%	of the purchase or selling price of each real	Due for payment to the Fund Manager after completion of the purchase or selling of each real

		estate asset sold or purchased.	estate asset. To avoid any doubt, such fees are due on any new acquisitions processes done by the Fund to increase its capital, including the current real estate subject of acquisition.
Property Management Fees	Maximum 7%	of the proceed of the lease related to the relevant real estate.	Real estates: <ul style="list-style-type: none"> <li>- Central (Excellence Building, Al Izdhar Building, Al Fursan Towers, The Residence): Sama Real Estate Company.</li> <li>- Eastern Region (Al Shatei Towers) Trust Partners Properties company</li> <li>- Western Province (Omnia Building): StarLink Real Estate.</li> <li>- All annual contracts are renewed with the desire of both parties.</li> </ul>
Development/project management fees	Maximum 7%	of construction costs	To be negotiated on a commercial independent basis (The current project under construction is Ascott Corniche Al Khobar, the total target development fees for the project are 5%, with maximum 7%)
Expenses	Based on the actual cost and such expenses do not exceed 0.5% of the net value of the fund asset.	Based on the due date of each payment separately	The Fund will be responsible for all costs and <b>expenditures of the Fund's activities and investments</b> . The Fund bears all fees resulting from transactions with third parties, as well as the consultation and legal fees and the allowances and salaries of the Fund board member. All services provided by third parties such as the legal and consultation fees, real estate consultants, relevant insurance costs, and any other professional services including expenses related to listing Fund units. The target is that such costs do not exceed 0.5% of the net value of the Fund assets. The Fund Manager shall bear all the public expenditures related to Fund management, including employee salaries in relation to the Fund, the Shari'a Committee costs, and the facilities costs and lease of the Fund office.

The mentioned fees and expenses do not include value added Tax. The Tax will be borne separately according to the prices stipulated in the value added Tax law and the executive regulations thereof.

## Liability

The Fund Manager shall take all the necessary steps for the interest of the unit holders, as per its own discretion with due and reasonable diligence. The Fund Manager, or any of the directors, officials, employees, agents, and consultants thereof, affiliated companies, Related Parties, the **Custodian, each real estate developer and manager, Shari'a Committee members and the Fund Board Members**, shall not have any liability before the Fund or before any investor with regard to any loss that might happen to the Fund as a result of any action or neglect from any of the mentioned parties in their management of the Fund affairs. In this case, any previously mentioned party, that desires to cite the provisions of this Paragraph, must have acted in good faith and in a manner thought to serve the best interests of the Fund and in a way that does not involve severe neglect, deception, or intentional misconduct.

### c. A table containing a default investment of the unitholder:

The fees and expenditures targeted to be paid by the Fund are defined in the summary of the financial disclosure in Annex (a) of the Terms and Conditions herein. The following is an example of how to calculate the fees due on the Fund:

Hypothetical Size of the Fund with one billion Saudi Riyals		
	For 10 units	Total amount/percentage
Hypothetical lease proceeds (9.14% of the hypothetical real estate value - one billion Saudi Riyals)	SAR 9.14	SAR 91.4 million
Property Management Fees and expenses	SAR 0.64	SAR 6.14 million
Type of charges, fees, and expenses (periodical costs)		
Custody fees	SAR 0.01	SAR 100,000
Auditor Fees	SAR 0.003	SAR 30,000
Zakat and Tax Advisor Fees (SAR 30,000 annually for example)	SAR 0.003	SAR 30,000
Unit registration fees	SAR 0.05	SAR 500,000
Board fees	SAR 0.024	SAR 240,000
Management Fees (assuming that the net assets value of the Fund is one billion Saudi Riyals)	SAR 1.2	SAR 12 million
Total of annual repeated fees and	SAR 1.28	

expenses		
Expenses	SAR 0.50	SAR 5 million
Total of the value of the potential distributions	SAR 6.7	
Percentage of the potential distributions	6.7%	
Type of charges, fees, and expenses (non-periodical expenses)		
Development/project management fees (assuming a project with SAR 250 million cost)	SAR 1.75	Not more than 7% of the construction costs
Financing fees	Depending on the actual cost	Depending on the actual cost
Brokerage commission (assuming a purchase cost of SAR 250 million)	SAR 0.625	With maximum 2.5% of the purchase cost
Dealing Fees (assuming a purchase cost of SAR 250 million)	SAR 0.25	1% of the purchase or selling price of each real estate asset sold or purchased by the Fund

- d. The Fund Manager acknowledges that the fees listed in Article (12) of these Terms and Conditions **“Fees, Service Charges, Commissions and Management Fees”** represent all fees charged to the Fund and that the Fund Manager will bear any fee not mentioned:

#### 16. Insurance:

All properties are insured with comprehensive coverage, including property insurance, business interruption insurance, and terrorism insurance. The fund will also maintain commercial liability insurance, title insurance, and other types of coverage for all properties owned and managed by the fund, in such types and limits as are deemed adequate and appropriate in light of the relative risks applicable to the property, and at reasonable coverage costs, in line with good industry practices.

It is also possible to insure against certain specific losses, such as those resulting from terrorist acts, storms, floods, or seismic activity, subject to certain limitations, including the limitations of the insurance policies themselves.

## 17. The Fund's Assets:

### a. Registration mechanism of the fund's assets:

The Custodian will establish one or more Saudi Limited Liability Companies (each a "Special Purpose Vehicle") to hold the ownership of the Fund's assets. Such a structure will maintain Tax efficiency and regulatory compliance and provide maximum legal protection for Unitholders. The assets of the Fund are not pledged to any party, but may be pledged or held by a Saudi bank under the terms of any financing documents.

The Custodian will open a separate account with a local bank for the Fund and the account will be for the benefit of the Fund.

### b. Valuation of Fund's Assets:

#### 1. Names of authorized valuers of the Fund's assets:

In accordance with the arrangements in place at the date of listing, ValuStrat and Barcode Limited have valued the assets owned by the Fund.

#### 2. How to value each asset owned by the fund:

The Fund Manager values the Fund's assets based on appraisals prepared by two independent appraisers accredited by the Saudi Authority for Accredited Valuers.

The net asset value of the fund is calculated by deducting the fund's total liabilities, including any obligations under bank facilities, fees and expenses accrued by the fund during the relevant period from the fund's total assets. The price per unit of the fund is calculated by dividing the result by the number of units of the fund for the same period. This price is the indicative price of the Fund's units.

The value of the Fund's total assets is the sum of all real estate assets, cash, receivables and the market value of all investments plus the current value of any other assets owned by the Fund. The Fund Manager will exercise its reasonable judgment in determining the values of the Fund's assets and liabilities, provided that it acts in good faith in the best interests of the Fund and its unitholders.

Unitholders of the Fund own the value of the net assets of the Fund and neither the Fund Manager nor the Custodian has any interest in the assets of the Fund. Consequently, the

creditors of the Fund Manager or the Custodian have no recourse against any of the Fund's assets.

**3.** The valuation value of each asset to be invested in:

As detailed for each property in paragraph (d) of Article (9) of these Terms and Conditions, **“Table of information for each real estate asset to be acquired”**, noting that the Fund's units have already been offered and the properties have been acquired.

**4.** The frequency and timing of the evaluation:

The Fund Manager shall value the Fund's assets by appointing two independent valuers accredited by the Saudi Board of Certified Valuers, twice a year on June 30 and December 31 of each calendar year and at other times as determined by the Fund Manager (such day is referred to as the **“Valuation Day”**). **The Fund Manager may** postpone the valuation of the Fund's assets after obtaining the approval of the Capital Market Authority.

If the valuation values of the fund's assets differ between the valuers' reports, the average value of the valuations provided is adopted.

**c.** **Announcing the net assets value for each unit.**

The Fund Manager shall announce the price of a unit in the Fund within a period of thirty (30) working days from the relevant valuation day. This information will be available on the website of the Saudi Stock Exchange and the Fund Manager.

**d.** **A table showing the properties being acquired, the names of the certified appraisers, the date of each appraisal report, the appraisal value of each property, the average appraisals, and the purchase price of each property:**

As detailed for each property in paragraph (d) of Article (9) of these Terms and Conditions, **“Table of information for each real estate asset to be acquired”**, noting that the Fund's units have already been offered and the properties have been acquired.

## 18. Fund Board:

The Fund Manager appoints a Board of Directors of the Fund to oversee specific actions of the Fund and to act as a fiduciary agent for the benefit of the Fund and the Unitholders. The Fund Board works with the Fund Manager to ensure the success of the Fund.

### a. Names of the board members and their qualifications:

**The Fund's Board of Directors will consist of six members appointed by the Fund Manager, including two independent members. Any changes to the composition of the Fund's Board of Directors will be announced on the Fund Manager's website and the website of the Saudi Stock Exchange (Tadawul).**

The Board of Directors is composed of the following members:

#### Mr. Raed Ghaith Al-Barakati (Chairman)

He served as Deputy Chief Executive Officer of Riyadh Capital until his departure in April 2024. Prior to that, he held several executive positions at the company, including Head of Brokerage and Distribution Services and Head of Investment Banking. He has over 25 years of experience in investment and corporate banking. He holds an MBA from Suffolk University (2001) and a **Bachelor's degree in Business Administration from King Fahd University of Petroleum and Minerals.**

#### Mr. Ahmed Al-Harbi (Member)

Currently serving as Senior Vice President of Operations at Riyadh Capital. He holds a Bachelor's degree in Management Information Systems from West Virginia University, USA. He began his career in retail banking at Samba Financial Group and joined Riyadh Capital in 2013 as Manager of E-Channels. In 2017, he was appointed Head of Distribution Services.

#### Mr. Abdulrahman Al-Ahmad (Member)

Joined Riyadh Capital in 2014 as a member of the local real estate investments team, where he participated in structuring Riyadh REIT in 2016. In 2018, he moved to the international real estate investments team and played a role in launching multiple international real estate funds. He later served as Head of International Real Estate Investments at Riyadh Capital until 2023. He has provided real estate advisory services to various listed and private companies. He holds a **Bachelor's degree in Finance from Southern Methodist University in Dallas, Texas, USA.**

Mr. Abdullah Iyad Al-Fares (Member)

Currently serves as Senior Vice President of Finance at Riyadh Capital. He joined Riyadh Bank Group in 2016 and has held several positions in financial management and internal auditing. He has diverse experience in finance, compliance, risk management, and both internal and external **auditing in government and private sectors. He holds a Bachelor's degree in Accounting from King Saud University and a Master's degree in Business Administration and Finance from Heriot-Watt University in the UK. He also holds multiple professional certifications in accounting and auditing.**

Mr. Waleed Ali Al-Qassem (Independent Member)

Mr. Al-Qassem has over 20 years of experience in brokerage, investment banking, wealth management, and compliance. He has worked with several financial institutions and banks including Riyadh Capital, Saudi Hollandi Financial Services, Samba, Arab National Bank, and Riyadh Bank. He holds a Bachelor's degree in Finance from Arkansas State University, USA.

Dr. Badr Al-Mohtadi (Independent Member)

Dr. Badr Al-Mohtadi is the CEO of Al-Mohtadi Holding. He previously worked as an Assistant Professor of Finance and Investment at King Saud University and as a lecturer in the Finance Department at the Strome College of Business, Old Dominion University, USA. He holds a PhD in Finance from Old Dominion University, an MBA in Finance from the University of South Florida, and a Bachelor's degree in Business Administration (Finance major) from King Saud University. He is a member of international associations including the American Finance Association (AFA), Financial Management Association International (FMA), and the European Financial Management Association (EFMA).

**b. Total remuneration expected to be paid to the members of the Fund's Board of Directors:**

With the exception of the Two independent members in the Fund Board of Directors who shall receive maximum SAR 100 thousand annually for each of them, the rest of the Board members shall receive no salaries. However, the Fund shall bear all the travel and actual accommodation costs incurred by each member to attend the meetings, with a maximum limit of SAR 20,000 for each member in each calendar year.

c. The nature of the services provided by the members of the Fund's Board of Directors:

**Responsibilities of the Fund's Board of Directors:**

1. Ensure that the Fund Manager performs its duties in a manner that serves the best interest of the unitholders in accordance with these Terms and Conditions and the Real Estate Investment Funds Regulations.
2. Approve material contracts, decisions, and reports related to the Fund, including but not limited to: development agreements, custody agreements, marketing agreements, and valuation reports.
3. Approve these Terms and Conditions and any amendments thereto.
4. Approve any conflicts of interest disclosed by the Fund Manager.
5. **Approve the appointment of the Fund's auditor as nominated by the Fund Manager.**
6. **Meet at least twice annually with the Fund Manager's Compliance Officer and Anti-Money Laundering / Counter-Terrorism Financing (AML/CTF) Reporting Officer to ensure compliance with applicable rules and regulations.**
7. Ensure that the Fund Manager discloses all material information to unitholders and other relevant stakeholders.
8. Approve all material and non-material changes, as defined in the Real Estate Investment Funds Regulations, prior to the Fund Manager seeking approval or notification from the unitholders and/or the Capital Market Authority (where applicable).
9. Act with honesty, good faith, care, diligence, and skill to serve the interests of the Fund and its unitholders.
10. Review reports evaluating the performance and quality of services provided by key service providers to the Fund.
11. **Approve a written policy concerning voting rights related to the Fund's assets.**
12. **Evaluate the Fund Manager's approach to managing risks related to the Fund's assets, in accordance with the Fund Manager's risk monitoring and management policies and procedures.**
13. Review reports containing all complaints and the actions taken in response, to ensure the Fund Manager is fulfilling its responsibilities in the interest of the unitholders.

The Fund Manager shall provide all necessary information relating to the affairs of the Fund to all members of the Board of Directors of the Fund to assist them in carrying out their duties.

Regarding the meetings of the Board of Directors of the Fund, the Board of Directors of the Fund shall hold its meetings at the invitation of the Chairman, which shall be a minimum of once every six months. The Chairman may convene an urgent meeting of the Board of Directors whenever he deems it necessary, and he must call a meeting whenever requested by the Fund Manager or any two (2) members of the Board of Directors of the Fund.

A meeting of the Fund's Board of Directors is only valid if attended by a majority of its members.

The Board's decisions are issued by a majority of the members' votes. In case of an equality of votes, the Chairman of the Board shall have a casting vote.

The Fund Board may approve resolutions on an expedited basis by scrolling, fax or email, provided that any such resolution is presented to the Fund Board at the first subsequent meeting for formal documentation.

Fund Board meetings, voting and participation of Board members in its deliberations and voting on its decisions can be conducted through modern technological means.

The Fund's Board of Directors shall document its meetings, prepare minutes of the deliberations and discussions, including votes taken, and keep such minutes in an organized manner so that they can be easily referred to when needed.

A member of the Fund's Board of Directors may not vote on any decision in which he or she has an interest, whether direct or indirect. Such interest must be disclosed to the Fund's Board of Directors.

## Meetings

The Fund's Board of Directors meets a minimum of once every six months. The meeting may also be convened at the request of the Fund Manager or when necessary. All decisions of the Fund's Board of Directors are approved by a majority of the Board members present at any meeting at which a quorum is present. A quorum for attendance purposes is the presence of a majority of the Fund's Board of Directors. The Fund's Board of Directors may also take any action or decision, at any meeting, or by separate written consent outside the meeting signed by a majority of the Board of Directors. Such consent may be sent or expressed through email.

d. Other funds overseen by any member of the Fund's Board of Directors:

	Raed Al-Barakti	Ahmad Al-Harbi	Abdullah Al-Faris	Abdulrahman Al-Ahmad	Walid Al-Qasim	Bader Al-Muhtadi
Riyad Saudi Equity Fund	√	×	√	×	×	×
Riyad Saudi Equity Sharia Fund	√	×	√	×	×	×
Riyad Blue Chip Equity Fund	√	×	√	×	×	×
Riyad Balanced Income Fund	√	×	√	×	×	×
Riyad Small and Medium Cap Fund	√	×	√	×	×	×
Riyad Emaar Fund	√	×	√	×	×	×
Riyad Income Fund	√	×	√	×	×	×
Riyad Gulf Equity Fund	√	×	√	×	×	×
Riyad SAR Trade Fund	√	×	√	×	×	×
Riyad USD Trade Fund	√	×	√	×	×	×
Riyad SAR Diversified Trade Fund	√	×	√	×	×	×
Riyad USD Diversified Trade Fund	√	×	√	×	×	×
Riyad American Equity Fund	√	√	×	×	×	×
Riyad Global Equity Sharia Fund	√	×	√	×	×	×
Riyad Emerging Markets Equity Fund	√	√	×	×	×	×
Riyad Al Jarei Fund	√	√	×	×	×	×
<b>Riyad Al Shuja'a Fund</b>	√	√	×	×	×	×
Riyad Al Mutawazen Fund	√	√	×	×	×	×
Riyad Al Mutahafedh Fund	√	√	×	×	×	×
Riyad Al Jarei Sharia Fund	√	√	×	×	×	×

	Raed Al-Barakti	Ahmad Al-Harbi	Abdullah Al-Faris	Abdulrahman Al-Ahmad	Walid Al-Qasim	Bader Al-Muhtadi
Riyad Al Shuja'a Sharia Fund	√	√	x	x	x	x
Riyad Al Mutawazen Sharia Fund	√	√	x	x	x	x
Riyad Al Mutahafedh Sharia Fund	√	√	x	x	x	x
Riyad Opportunities Fund	√	x	√	x	x	x
Riyad Sharia Opportunities Fund	√	x	√	x	x	x
Riyad Real Estate Fund – Capital Gate	x	x	√	x	x	x
Riyad Real Estate Development Fund – Madina Gate	x	x	√	x	x	x
Riyad Real Estate Development Fund – Jawharat AlRiyadh	x	√	√	√	x	x
Riyad Real Estate Development Fund – Jawharat Jeddah	x	√	√	√	x	x
Riyad Real Estate Income Fund	x	x	√	√	x	x
Riyad Financing Fund II	x	x	√	x	x	x
Riyad Financing Fund III	x	x	√	x	x	x
Riyad Real Estate Development Fund – Al Ramz	x	x	√	√	x	x
Riyad Real Estate Development Fund – Durrat Hittin	√	x	x	x	x	x
Riyad Investment Fund 4	x	x	√	x	x	x
Riyad Real Estate Development Fund -	√	x	√	x	x	x

	Raed Al-Barakti	Ahmad Al-Harbi	Abdullah Al-Faris	Abdulrahman Al-Ahmad	Walid Al-Qasim	Bader Al-Muhtadi
Durrat Al Malik Khalid Road						
Riyad Monthly Distributions Multi Asset Fund	√	×	√	×	×	×
Riyad SAR Liquidity Fund	√	×	√	×	×	×

#### e. Board members eligibility requirements

The Fund Manager acknowledges that all Fund Board Members:

- (1) Are not under any bankruptcy or liquidation procedures;
- (2) Have never committed any fraud, dishonest or fraudulent actions; and
- (3) Have the necessary skills and experience that qualify them to be members at the Fund Board of Directors.

f. The Fund Manager acknowledges that both independent members fulfil the requirements of the definition of the independent members in the regulations and rules of CMA.

### 19. The Fund Manager:

#### a. Name and address of the Fund Manager head office:

Name	Riyad Capital Company
Address	Head Office: 2414 Al-Shohada District, Unit no. 69, Riyadh 7279-13241
Website	www.riyadcapital.com

## b. Fund Manager License

Riyad Capital is a closed joint-stock company with a paid-up capital of SAR 500 million, registered under commercial registration number 1010239234. It is licensed as a "Market Institution" by the Capital Market Authority in 2008 under license number 37-07070 to carry out investment activities and financial services.

## c. A letter from the fund manager regarding the due diligence report.

Not applicable as the fund's units have already been issued and the real estate has been acquired.

## d. Duties and responsibilities of the Fund Manager:

The Fund Manager shall appoint a registered investment portfolio manager with the Capital Market Authority, in accordance with the Market Institutions Regulations issued by the Capital Market Authority, to supervise the management of the Fund's assets.

The Fund Manager shall provide the following services and other related services to the Fund, including but not limited to:

- a. Identifying investment opportunities and executing **the purchase and sale of the Fund's assets**;
- b. Establishing decision-making procedures to be followed in implementing the technical **and administrative matters of the Fund's operations**;
- c. Informing the Saudi Capital Market Authority of any material events or developments **that may affect the Fund's operations**;
- d. Complying with all laws and regulations in force in the Kingdom of Saudi Arabia relating **to the Fund's activities**;
- e. **Managing the Fund's assets in a manner that serves the interests** of the unitholders in accordance with the Terms and Conditions;
- f. Ensuring the legality and validity of all contracts entered into on behalf of the Fund;
- g. **Implementing the Fund's strategy as outlined in these Terms and Conditions**;
- h. Arranging, negotiating, and signing financing documents compliant with Shariah rulings on behalf of the Fund;
- i. **Appointing the Fund's Shariah Committee and obtaining their approval that these Terms and Conditions comply with Islamic Shariah rulings**;

- j. Supervising the performance of third-party contractors contracted by the Fund;
- k. Arranging the liquidation of the Fund upon its termination;
- (l) **Providing the Fund's Board of Directors with all necessary information related to the Fund to enable the Board members to fully perform their responsibilities;**
- l. **Consulting with the Fund's Board of Directors to ensure compliance with the Capital Market Authority regulations and these Terms and Conditions.**

The Fund Manager shall also bear responsibility for any losses incurred by the Fund as a result of **the Fund Manager's negligence or intentional misconduct.**

e. **Provisions governing the removal or replacement of the Fund Manager:**

The Authority has the right to remove the Fund Manager in relation to the Fund and take any action it deems appropriate to appoint a replacement Fund Manager for the Fund or take any other measures it considers suitable, in any of the following cases:

1. The Fund Manager stops practicing investment management and fund operation activities without notifying the Authority in accordance with the Market Institutions Regulations.
2. **The Fund Manager's license to practice investment management and fund operation activities is revoked, suspended, or withdrawn by the Authority.**
3. The Fund Manager submits a request to the Authority to cancel its license to practice investment management and fund operation activities.
4. The Authority deems that the Fund Manager has materially breached the law or its executive regulations.
5. The death, incapacity, or resignation of the investment portfolio manager responsible for **managing the Fund's assets, without the existence of another registered person within the Fund Manager's team capable of managing those assets.**
6. **A special resolution by the Fund's unitholders requesting the Authority to remove the Fund Manager.**
7. Any other case that the Authority reasonably considers to be of material importance.

If the Authority exercises any of its powers under this clause, the Fund Manager must fully cooperate to facilitate the smooth transfer of responsibilities to the replacement Fund Manager within the first sixty (60) days following the appointment of the replacement Fund Manager. The removed Fund Manager must transfer, where necessary and appropriate and as directed by the Authority, all contracts related to the Fund to the replacement Fund Manager.

In addition to the above, the Fund Manager must consider the following:

1. The Fund Manager must notify the Authority of any of the cases mentioned in subparagraph (5) of paragraph (e) above within two (2) days of their occurrence.
2. When the Fund Manager is removed according to the cases stipulated in subparagraphs (1), (2), (3), (4), (5), and (7) of paragraph (e) above, the Authority shall direct the removed Fund Manager to call a meeting of the unitholders within fifteen (15) days from the date of **the Authority's removal decision; this meeting is to appoint a custodian or another party**, through an ordinary fund resolution, to search for and negotiate with a replacement Fund Manager and to determine the specified period for such search and negotiation.
3. When the Fund Manager is removed according to the case stipulated in subparagraph (6) of paragraph (e) above, the Fund Manager must obtain an ordinary fund resolution in the same meeting where the unitholders voted on the removal request, to appoint a custodian or another party to search for and negotiate with a replacement Fund Manager and determine the specified period for such search and negotiation.
4. Upon the occurrence of any of the cases stipulated in subparagraphs (2) and (3) above, the **Fund Manager must notify the Authority of the results of the unitholders' meeting within two (2) days** of its convening.
5. The Fund Manager must cooperate and provide the custodian or the authorized appointed party conducting the search and negotiations with any requested documents for the purpose of appointing a replacement Fund Manager within ten (10) days of the request, with both parties maintaining confidentiality of the information.
6. **Upon the replacement Fund Manager's approval to manage** the Fund and the transfer of management to them, the Fund Manager must promptly send the replacement Fund **Manager's written approval to the Authority upon receipt.**
7. The unitholders have the right to request liquidation of the Fund through a special fund resolution if a replacement Fund Manager is not appointed within the specified search and negotiation period referred to in subparagraphs (2) and (3) above.

f. **Any business activity or other significant interest of the Board members or the Fund Manager that could potentially conflict with the interests of the Fund:**

Potential conflicts of interest between the Fund Manager and the Fund have been identified in Article (23) of these Terms and Conditions. The Fund Manager shall have no interest in or claims against the Fund's assets, except to the extent that it owns units in the Fund. Creditors of the **Fund Manager shall have no claim or interest in any of the Fund's assets.**

g. **Description of any material conflict of interest that could affect the Fund Manager's ability to perform its duties toward the Fund:**

The Fund Manager confirms that, aside from the conflicts of interest disclosed in these Terms and Conditions, there are no material conflicts that would affect its ability to carry out its duties toward the Fund.

h. **Duties and powers delegated by the Fund Manager to a third party:**

The Fund Manager is responsible for managing the Fund and for appointing any party to carry out its duties toward the Fund. The Fund Manager may appoint third parties to provide services (including support services) to enhance the performance of the Fund.

The Fund Manager intends to appoint a developer/project manager for all real estate development projects. Additionally, it will appoint a property manager or operator for each asset owned by the Fund.

For the Ascott Corniche Al Khobar project, Services Design Technology company has been appointed to carry out project management services.

i. **Investment by the Fund Manager in the Fund's units and the value of such investments:**

The Fund Manager may invest in the Fund's units either through participation or by purchasing units from the market. The Fund Manager will disclose any investment it holds in the Fund at the end of each fiscal year in the financial disclosure summary.

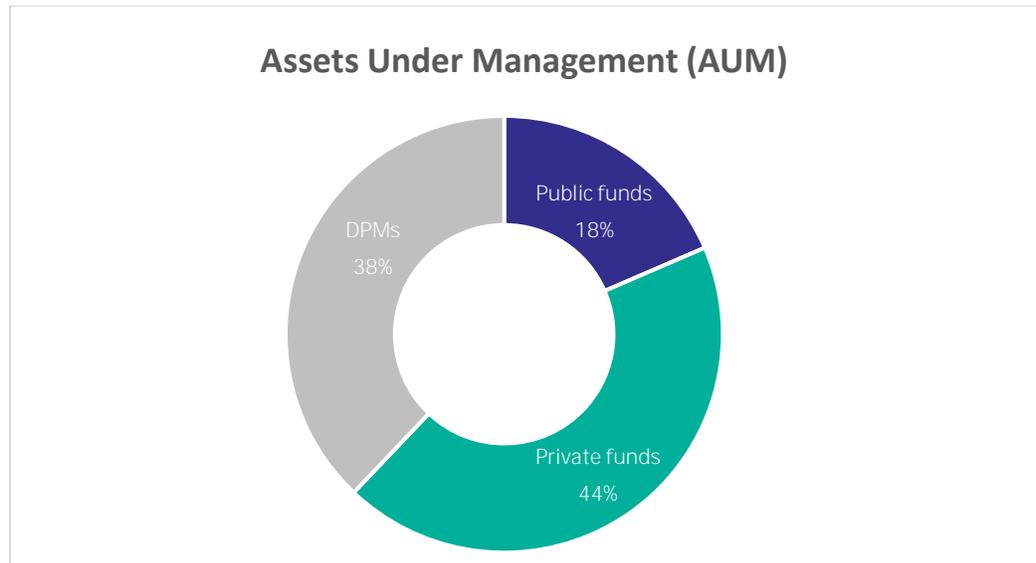
As of the date of these Terms and Conditions, the Fund Manager's subscription amounts to 6.687% of the total units.

j. Overview of the Fund Manager, its asset management structure, total assets under management, number and size of public funds, and number of asset management staff:

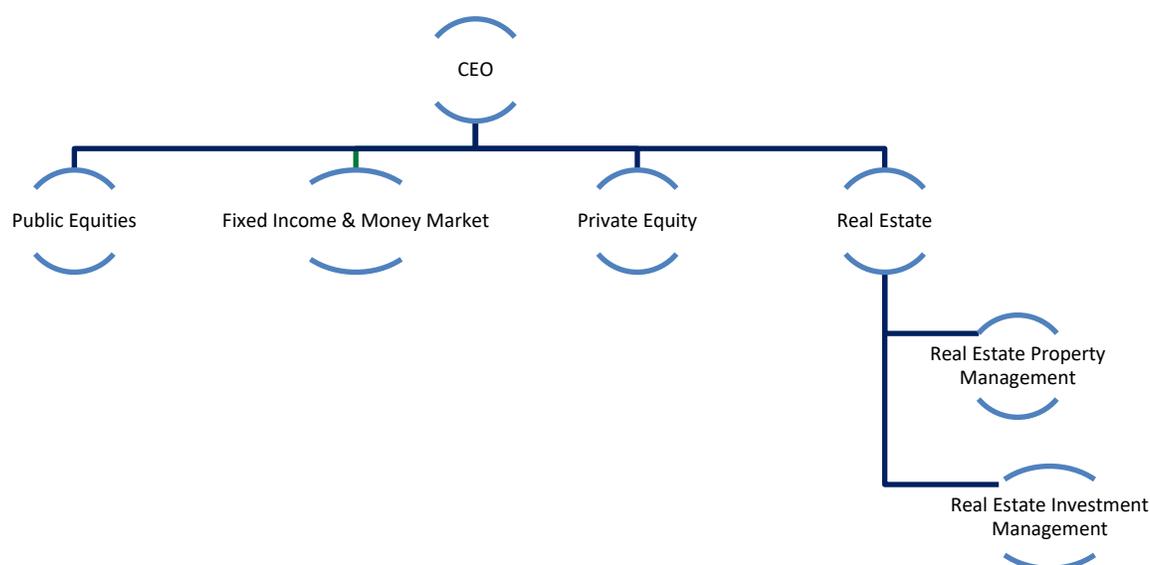
Riyad Capital is a closed joint-stock company with a paid-up capital of SAR 500 million, registered under Commercial Registration No. 1010239234, and licensed as a “Market Institution” by the Capital Market Authority (CMA) in 2008 under License No. 37-07070 to carry out investment and financial services.

Riyad Capital is the investment arm of Riyad Bank, headquartered in Riyadh. The company provides its clients—both institutional and individual, locally and internationally—with a wide range of financial services, including financial advisory, arrangement, custody, brokerage, and asset management.

The total assets under management (AUM) by the Fund Manager exceed SAR 90 billion, and it currently manages 27 public funds with total assets exceeding SAR 14 billion. The number of employees in the asset management division exceeds 40 professionals.



The organizational structure of the Asset Management Division at Riyadh Capital consists of the following:



20. Legal Advisor:

Not applicable.

21. The Custodian:

a. Name of the Custodian, its address, and the license number issued by the Authority:

Name	Value Capital Company – License No. (37-07062)
Address	P.O. Box 395737, Riyadh 11375, Kingdom of Saudi Arabia
Website	www.valuecapital.sa
Phone Number	+966 92000 0757

b. Duties, Responsibilities, and Obligations of the Custodian:

1. The Custodian shall be responsible for its obligations in accordance with the Real Estate Investment Funds Regulations, whether it performs its duties directly or delegates them to a third party in accordance with the REIF Regulations and the Capital Market Institutions Regulations. The Custodian shall be liable to the Fund Manager, the unitholders, and the **Fund’s Board of Directors** for any losses incurred by the Fund as a result of its fraud, negligence, misconduct, or willful default.

2. The Custodian shall register the ownership of the properties invested in by the Fund through a special purpose vehicle (SPV) established to hold the **Fund's assets and mortgage them to** the financing bank, as collateral for any financing granted to the Fund (as applicable).
3. **The Custodian is responsible for safeguarding and protecting the Fund's assets for the** benefit of the unitholders. It is also responsible for taking all necessary administrative **actions related to the safekeeping of the Fund's assets.**
4. **The Custodian must segregate the Fund's assets from its own assets, the Fund Manager's** assets, and the assets of other clients.
5. The Custodian shall retain all necessary records and other documents that support its fulfillment of its contractual obligations.
6. **The Custodian shall not accept any interest in the Fund's assets** except by the unitholders, and only in proportion to their ownership.
7. The Custodian shall **not accept any claims on the Fund's assets unless such claims are** permitted under the REIF Regulations and disclosed in the Terms and Conditions.
8. The Custodian shall open a separate bank account with a local bank in its name, clearly indicating in the account name that it is held on behalf of the Fund.
9. **All offering proceeds, rental income, and any cash returns generated from the Fund's investments shall be deposited in the Fund's designated bank account. All amounts used for** acquiring real estate assets, financing investments, covering fund management expenses, and operational costs shall be deducted from this account in accordance with the REIF Regulations, the Terms and Conditions, the instructions received by the Custodian from the Fund Manager, and the agreement under which the Custodian was appointed.
10. The Custodian shall keep all documents and records related to the Fund, including but not limited to: property title deeds, investment decisions, all material contracts of the Fund, and valuation reports.
11. The Custodian may appoint a sub-custodian located outside the Kingdom to safeguard investments of the Fund in that location—if any—provided that such sub-custodian is established, licensed, and regulated by an oversight authority that applies regulatory standards at least equivalent to those of the Capital Market Authority (CMA), and that the appointment is made through a written agreement.

### c. Tasks Assigned by the Custodian to a Third Party Regarding the Fund:

The Custodian may delegate one or more third parties or any of its Affiliate to act as a sub-custodian for the Fund, responsible for safeguarding its assets. The Custodian shall pay the fees and expenses of any sub-custodian from its own resources.

The Custodian remains responsible for its obligations under the regulations issued by the Authority, the terms and conditions, and its appointment contract, whether it performs its duties and responsibilities directly or through a third party.

### d. Provisions Regulating the Removal or Replacement of the Custodian:

1. The Authority has the right to remove the custodian appointed by the fund manager or take any measures it deems appropriate upon the occurrence of any of the following cases:
  - The custodian ceases to practice the management activity without notifying the Authority in accordance with the Financial Market Institutions Regulations.
  - **The custodian's license to practice the custody activity is revoked, suspended, or withdrawn by the Authority.**
  - The custodian submits a request to the Authority to cancel its license to practice custody activity.
  - The Authority deems that the custodian has materially breached the system or its executive regulations.
  - Any other case that the Authority reasonably considers materially significant.
2. If the Authority exercises any of its powers according to paragraph (1) above, the relevant fund manager must appoint a replacement custodian in accordance with the Real Estate Investment Funds Regulations. The fund manager and the removed custodian must fully cooperate to facilitate the smooth transfer of responsibilities to the replacement custodian within the first sixty (60) days of appointing the replacement custodian. The removed custodian must transfer, wherever necessary and appropriate as determined by the Authority, all contracts related to the fund to the replacement custodian.
3. Removal of the custodian by the fund manager:
  - The fund manager may remove the custodian it appointed by written notice if it reasonably believes that such removal is in the best interest of the unit holders. The fund manager must immediately notify the Authority in writing of the removal.

- If the custodian is removed, the fund manager must appoint a replacement custodian within thirty (30) days of the custodian receiving the written notice as per this paragraph. The removed custodian must fully cooperate with the fund manager to facilitate the smooth transfer of responsibilities to the replacement custodian and must transfer all contracts related to the fund, where necessary and appropriate, to the replacement custodian.
- **The fund manager must immediately disclose on its website, the Market's website, or any other publicly accessible site as determined by the Authority's regulations (where applicable), the appointment of the replacement custodian for the fund.**

## 22. Property Management:

### a. Name of the company responsible for property management, and its address:

Property	Property Manager	Address
Al Izdihar – Residence – Al Tamayuz	Fortune Realty Co. 	Anas bin Malik Road, Al-Malqa Dist. Riyadh, Kingdom of Saudi Arabia Phone: 92000 3566
Western Region  (Omnia Building)	Star Link Real Estate Co. 	Prince Sultan Street P.O. Box 020179, Jeddah 21413 Phone: +966 12 6605675

### b. Tasks, duties, and responsibilities of the property management company:

The fund manager appoints a property manager for each property to be responsible for the administrative affairs of the assets, including setting management rules and policies, continuously monitoring the property and tenant affairs, following up on rent collection, overseeing regular maintenance, and effectively utilizing the property to achieve the best returns. The fund manager has the right to change the property manager from time to time based on their performance.

c. Disclosure of whether the property management company intends to invest in fund units and the value of such investments

Currently, no property manager has any investment in the fund.

23. The Auditor:

a. **Name and address of the fund's auditor:**

Name	Ibrahim Al-Bassam & Abdul Mohsen Al-Nimr Certified Accountants
Address	P.O. Box 28355, Riyadh 11437, Kingdom of Saudi Arabia
Phone	+966 (11) 206 5333
Fax	+966 (11) 206 5444

**The fund manager may change the fund's auditor from time to time based on the approval of the fund's board of directors.** Unit holders and the Capital Market Authority shall be notified of any such change.

b. **Tasks, duties, and responsibilities of the auditor:**

Preparation and audit of the financial statements in accordance with the accounting standards issued by the Saudi Organization for Chartered and Professional Accountants, the provisions of **the Real Estate Investment Funds Regulations, and the fund's terms and conditions.**

24. Financial Statements:

The financial year ("Financial Year") starts on January 1<sup>st</sup> and ends on December 31<sup>st</sup> of each **Gregorian year. The fund manager will prepare the fund's financial statements semi-annually** (unaudited) and annually (audited) in accordance with the accounting standards issued by the Saudi Organization for Chartered and Professional Accountants. The annual financial statements will be **audited by the fund's auditor. The financial statements will be reviewed and approved by the fund's** board of directors and announced to the unit holders immediately after approval, within a maximum period of 30 days from the end of the period covered by the reviewed financial statements, and within a maximum of 3 months from the end of the period covered by the audited financial

statements. This will be done by publishing them on the fund manager's website and on the website of the Saudi Stock Exchange.

## 25. Conflict of Interest:

Except as stated in these terms and conditions, there is no conflict of interest between the fund manager and related parties, nor is there any conflict of interest between the fund manager and the **tenant, property owner, or the fund's board of directors. However**, conflicts of interest may arise from time to time between the fund on one side and the fund manager or its affiliates, directors, officers, employees, and agents on the other side, as well as other funds they manage or supervise.

If the fund manager has a material conflict of interest with the fund, they must fully disclose it to the **fund's board of directors as soon as possible. The fund manager and the board will attempt to resolve** any conflict of interest by exercising prudence, good faith, and taking into consideration the interests of the fund, unit holders, and all affected parties as a whole.

Upon request, investors will be provided free of charge with the conflict-of-interest policies and procedures.

The fund manager has initially identified the following potential conflict of interest points:

### Projects Similar to Riyadh Capital:

Riyad Capital currently manages and is expected to continue managing accounts, investments, and accounts with objectives similar in whole or in part to those of the fund. These include other investment funds that Riyad Capital may manage or sponsor, or in which Riyad Capital or its Affiliate may hold an equity interest.

Additionally, subject to the restrictions set forth in these terms and conditions, Riyad Capital and its Affiliate may in the future sponsor or serve as fund manager, investment manager, or general partner in private investment funds or other collective investments. One or more of these may invest in projects similar to those owned by the fund, provided that such other activities do not affect the success of the fund.

### Conflict of Interest Regarding Transactions with the Fund Manager and Its Affiliate:

The fund may enter into transactions with the fund manager, its Affiliate, or other entities in which Riyad Capital holds direct or indirect interests, or with other investment funds managed by the fund manager. For example, some Affiliate of Riyad Capital or investment funds it manages may provide

certain services to the fund. For instance, Riyadh Capital manages an investment fund that owns a 15% stake in Boudl Hotels and Resorts Company, the tenant of the Beach Property and operator of the residential part of the Residence property owned by Riyadh REIT.

All transactions between the fund and the fund manager, its Affiliate, and entities in which Riyadh Capital holds direct or indirect interests will be disclosed to the fund's board of directors.

However, the fund manager and the board will make reasonably good-faith efforts to ensure that the terms of agreements between the fund manager and its Affiliate on one hand, and the fund on the other, are negotiated on an independent commercial basis.

Board of Directors:

The board of directors supervises and resolves any conflicts of interest. As of the date of these terms and conditions, the board consists of members appointed by the fund manager. Board members must exercise due care towards unit holders under the Real Estate Investment Funds Regulations and endeavor in good faith to resolve conflicts of interest in a manner they consider appropriate.

Related-Party Transactions:

The fund may from time to time enter into transactions with related parties, provided such transactions are disclosed to the board and conducted on normal market terms.

If any related party, including any other fund established by the fund manager, wishes to enter into a transaction with the fund or the fund manager, they must obtain approval from the board of directors, and the purchase price paid to the fund must be consistent with independent valuations.

The above does not constitute a complete and comprehensive explanation or summary of all potential areas of conflict of interest involved in investing in units of the fund. Therefore, we strongly recommend that all prospective investors seek independent advice from their licensed professional advisors.

## 26. Reporting to Unit Holders:

The fund manager is obligated to disclose the following to the Capital Market Authority and the unit holders:

- a) Any material developments affecting the fund's assets, liabilities, financial position, overall business trajectory, or any change that would impact the fund's status or result in the voluntary

- resignation of the fund manager, and that could reasonably cause a change in the listed unit price or significantly affect the fund's ability to meet its debt obligations.
- b) Any transaction involving the purchase, sale, mortgage, or lease of an asset at a price equal to or exceeding 10% of the total fund assets according to the latest preliminary reviewed financial statements or audited annual financial statements, whichever is more recent.
  - c) Any losses equal to or exceeding **10% of the fund's net assets according to the latest** preliminary reviewed financial statements or audited annual financial statements, whichever is more recent.
  - d) **Any change in the composition of the fund's Board of Directors or committees.**
  - e) Any dispute, including litigation, arbitration, or mediation, if the amount of the dispute or claim equals or exceeds **10% of the fund's net assets according to the latest preliminary reviewed** financial statements or audited annual financial statements, whichever is more recent.
  - f) **An increase or decrease in the fund's net assets** equal to or exceeding 10% according to the latest reviewed financial statements or audited annual financial statements, whichever is more recent.
  - g) **An increase or decrease in the fund's total profits equal to or** exceeding 10% according to the latest audited annual financial statements.
  - h) Any transaction between the fund and a related party or any arrangement where both the fund and a related party invest in or finance a project or asset, if the transaction or arrangement equals or exceeds **1% of the fund's total revenues** according to the latest audited annual financial statements.
  - i) **Any interruption in any of the fund's main activities equal to or** exceeding **5% of the fund's total** revenues according to the latest audited annual financial statements.
  - j) Any change of the auditor.
  - k) Appointment of a replacement custodian.
  - l) Issuance of any judgment, decision, declaration, or order by any court or judicial authority, **whether at the primary or appellate level, that could negatively affect the fund's use of any asset** whose total value exceeds **5% of the fund's net assets according to** the latest preliminary reviewed financial statements or audited annual financial statements, whichever is more recent.
  - m) **Any proposed change in the fund's capital.**

The fund manager shall prepare and submit an annual report and publish it on the fund manager's website and the Saudi Stock Exchange (Tadawul) website within no more than three (3) months from the end of the reporting period. The report shall include the following information:

- a) The assets in which the fund has invested.
- b) The assets the fund targets for investment.
- c) Clarification of the ratio of leased properties and unleased properties to the total owned properties.
- d) **A comparison table covering the fund's performance over the last three financial years (or since the fund's inception), showing:**
  - The **fund's net asset value at the end of each financial year.**
  - **The fund's net asset value per unit at the end of each financial year.**
  - The highest and lowest net asset value per unit for each financial year.
  - The number of units issued at the end of each financial year.
  - The income distribution per unit.
  - The expense ratio borne by the fund.
- e) A performance record covering the following:
  - (1) Total return for one year, three years, five years (or since inception).
  - (2) Annual total return for each of the past ten financial years (or since inception).
  - (3) A table showing fees, commissions, and charges borne by the fund to external parties over the year. It shall also disclose if there were any circumstances under which the fund manager decided to waive or reduce any fees.
- f) Any **material changes during the period that affected the fund's performance will be clearly disclosed.**
- g) **The fund's annual board of directors' report, including but not limited to the topics discussed and decisions issued, including the fund's performance and its achievement of objectives.**
- h) A statement regarding special commissions received by the fund manager during the period, clearly indicating their nature and the method of benefiting from them.

## 27. Unit holders' meetings:

### a. Circumstances Under Which a Meeting of Unit Holders is Called

1. The Fund Manager may call a meeting of unit holders on their own initiative.
2. The Fund Manager must call a meeting of unit holders within 10 days of receiving a written request from the Custodian.
3. The Fund Manager must call a meeting of unit holders within 10 days of receiving a written request from one or more-unit holders who collectively or individually own at least 25% of the fund units' value.

### b. Procedures for Calling a Meeting of Unit Holders

1. The invitation to hold a unit holders' meeting shall be made by announcing it on the Fund Manager's website and on the Saudi Stock Exchange (Tadawul) website, and by sending a written notice to all unit holders and the custodian at least 10 days before the meeting date and no more than 21 days before the meeting date. The announcement and notice must specify the meeting's date, location, time, and proposed resolutions. Upon sending the notice to unit holders for any meeting, the Fund Manager must provide a copy of this notice to the Capital Market Authority (CMA).
2. A unit holders' meeting is not valid unless unit holders representing at least 25% of the total value of the fund units attend.
3. If the quorum mentioned above is not met, the Fund Manager must call for a second meeting by announcing it on the Fund Manager's website and the stock exchange website and by sending a written notice to all unit holders and the custodian at least 5 days before the date of the second meeting. The second meeting is considered valid regardless of the percentage of units represented.
4. Each unit holder may appoint an agent to represent them at the unit holders' meeting.
5. Each unit holder is entitled to one vote per unit they own at the time of the meeting.
6. Unit holders' meetings may be held, and participation in discussions and voting on decisions may be done via modern technology means, according to the regulations set by the CMA.

7. A decision is effective if approved by unit holders representing more than 50% or 75% (where applicable) of the total units owned by attendees, whether present in person or via modern technology means.

## 28. Rights of Unit Holders:

The unit holder has the right to exercise all rights associated with the units, including—but not limited to—the right to vote in unit holders’ meetings, increase the fund’s capital, and accept in-kind contributions related to the capital increase of the fund. Additionally, the approval of the unit holders in the fund is required for any proposed material change to the fund. The term “material change” refers to any of the following cases:

- **A significant change in the fund’s objectives or nature.**
- A change that may have a substantial negative impact on the unit holders or their rights related to the fund.
- A change that affects the risk profile of the fund.
- **An increase in the fund’s capital.**

## 29. Other Information:

### a. Developers / Project Managers:

The fund manager contracts with a developer or project manager for each property as needed, in the case where the fund owns a developed property. The developer prepares a master plan for each project, obtains all necessary approvals, and manages contracts with consultants, as well as the design and supervision of the project. The developer also contracts with contractors, when necessary, to complete the project according to the designs approved by the fund manager.

Furthermore, the developer is responsible for receiving the completed project from the contractors and initiating marketing and sales campaigns for the project. The fund manager has the right to change the property developer from time to time based on their performance.

Development Project Manager

Name: Services Design Technology Co.

Address: Prince Mohammed bin Abdulaziz Road, P.O. Box 17043, Riyadh 11484,  
Kingdom of Saudi Arabia

Website: [www.sdtconsultant.com](http://www.sdtconsultant.com)

Phone Number: +966 11 465 2276

**b. Complaint Procedures:**

If any unit holder during the term of the fund has any questions or complaints regarding the **fund's operations, the unit holder must contact:**

Customer Service Department

Riyad Capital Company

Head Office: 2414 Al-Shuhada District, Unit No. 69

Riyadh 13241-7279, Kingdom of Saudi Arabia

Email: [ask@riyadcapital.com](mailto:ask@riyadcapital.com)

Phone: +966 9200 012 299 – 800 124 0010 (KSA Only)

Website: [www.riyadcapital.com](http://www.riyadcapital.com)

**c. Zakat and Tax Advisor:**

Name of the Tax and Zakat Advisor:

KPMG Professional Services

Registered and Work Address of the Tax and Zakat Advisor:

Riyadh Front, Airport Road

P.O. Box 92876

Riyadh 11663

Kingdom of Saudi Arabia

Commercial Registration No. 1010425494

Main Roles and Responsibilities of the Tax and Zakat Advisor:

- Registering the fund with the Zakat, Tax and Customs Authority for zakat purposes.
- Preparing and submitting an information return to the Zakat, Tax and Customs Authority within the period specified in the zakat collection rules for investors in investment funds, attaching the following:
  1. **The fund's financial statements.**
  2. A record of transactions between related parties to the fund.

#### d. Property Managers

The fund manager appoints a manager for each property to be responsible for the administrative affairs of the assets, including establishing management rules and policies, continuously monitoring the property and tenant affairs, following up on rent collection, overseeing regular maintenance, and efficiently utilizing the property to achieve the best returns. The fund manager has the right to change the property manager from time to time based on their performance.

The property managers by region are as follows:

- Central Region (Al Tamayuz Building, Al-Izdehar Building, Al-Fursan Towers, The Residence): Sama Al-Ikhtiyar Real Estate Company.
- Eastern Region (Al-**Shate' Towers**): **Trust Partners** Real Estate Company.
- Western Region (Omnia Building): Najmat Sela Real Estate Foundation.

#### 30. Additional Information Requirements for Certain Types of Funds:

Not applicable.

#### 31. Shariah Committee:

The Fund carries out its investments, finances its investments, and conducts its affairs in a manner that is compliant with the principles of Islamic Shariah. The Shariah Committee of the Fund Manager (**"Shariah Committee"**) **has reviewed and approved these Terms and Conditions, including the Fund's** structure and investment strategy. The Shariah Committee is composed of the following members:

##### a. Names and Qualifications of the Shariah Committee Members:

Sheikh Dr. Abdulrahman bin Abdullah Al-Sanad (Chairman):

Chairman of the Shariah Committee at Riyadh Bank since 2024. He holds a Ph.D. in Comparative Jurisprudence from the Higher Institute of Judiciary at Imam Muhammad bin Saud Islamic University. He currently serves as the President of the General Presidency for the Promotion of Virtue and the Prevention of Vice with ministerial rank. Dr. Al-Sanad has authored numerous works and research papers on Islamic financial transactions. He previously served as the President of the Islamic University and Dean of the Higher Institute of Judiciary, and chaired the Shariah boards of various commercial companies.

Sheikh Dr. Mohammed bin Abdullah Boutaiban (Member):

Member of the Shariah Committee at Riyadh Bank since 2024. He holds a Ph.D. in Comparative Jurisprudence from the Higher Institute of Judiciary at Imam Muhammad bin Saud Islamic University. He currently serves as a faculty member at King Faisal University, and as a Shariah advisor and trainer for several religious and financial institutions. He also practices commercial arbitration and has authored several scholarly works and papers in Islamic jurisprudence.

Sheikh Dr. Zaid bin Abdulaziz Al-Shathri (Member):

Member of the Shariah Committee at Riyadh Bank since 2024. He holds Master's and Ph.D. degrees in Comparative Jurisprudence from the Higher Institute of Judiciary at Imam **Muhammad bin Saud Islamic University, and a Master's degree in Corporate Finance Law from the University of Westminster, UK.** He is a faculty member at the Higher Institute of Judiciary, a **board member of the General Authority for Minors' Affairs** and a member of its Shariah Committee. He is also a member of the Shariah Committee of a financial company. Previously, he served as an advisor on both the adjudication and appeals committees for securities disputes. He has written extensively on Islamic financial transactions.

**b. Roles and Responsibilities of the Shariah Committee:**

The Shariah Committee is responsible for establishing the Shariah guidelines for investments, **conducting periodic reviews of these guidelines, overseeing the fund's** compliance with Shariah investment principles, and providing relevant advisory services.

**c. General Shariah Investment Guidelines Established by the Shariah Committee at Riyadh Capital:**

❖ Activity-Related Guidelines (Where Applicable):

Investment must be limited to companies with permissible purposes, such as the production of useful goods and services, trade, industry, and so on. It is not permissible to invest in companies whose main field of activity is any of the following:

- Engaging in financial activities that do not comply with Sharia standards, such as banks dealing with usurious interest (riba) and conventional insurance companies.
- Producing and distributing alcohol, tobacco, pork and its derivatives, or meat not slaughtered according to Islamic law.
- Producing and publishing pornographic films, books, magazines, and satellite channels.

- Restaurants and hotels that provide prohibited services such as selling alcohol or similar items, as well as places of forbidden entertainment.
- Any other activity that the Sharia Committee decides is not permissible for investment.

❖ Investment Instruments-Related Restriction (where applicable):

- It is not permissible to invest in shares of companies where the proportion of interest-bearing debt (loans and facilities with interest) exceeds **33% of the company's average market value**.
- It is not permissible to invest in shares of companies where the proportion of interest-bearing investments (deposits and bonds with paid interest) exceeds 33% of the **company's average market value**.
- It is not permissible to invest in shares of companies where the proportion of impermissible income (from sources not compliant with Shariah rulings) exceeds 5% of **the company's total income**.
- The fund may invest in Murabaha transactions, Sukuk, financial certificates, investment funds, or any other instruments that comply with Shariah controls.
- Leasing of real estate assets is only permitted for activities with a lawful purpose.
- The fund may only engage in financing methods that comply with Shariah controls.
- Trading shares through the following investment instruments is not allowed except after approval by the Shariah Committee:
  - Permissible forms of financial derivatives;
  - Permissible forms of short selling;
  - Permissible forms of lending shares owned by the fund.

❖ Periodic Review (where applicable):

The compliance of the joint-stock companies with the Shariah guidelines is reviewed periodically. If any company owned by the fund does not comply with the Shariah guidelines **and is not part of the fund's index companies**, it will be sold within a period not exceeding 90 days from the date of the review.

❖ Purification (where applicable)

The fund will undergo a purification process from the impermissible income it has received. The fund manager will determine the proportion of impermissible income from the distributed profits of the invested joint-stock companies and deposit it into a special account, from which the funds will be spent on charitable activities.

d. **Remuneration of the Sharia Supervisory Committee Members:**

The fund manager bears the costs of the Sharia Supervisory Committee.

### 32. Characteristics of the Units:

The units in the fund represent a proportional share of the net assets of the fund. All units are of one class, equal in rights and obligations, where each unit represents an equal undivided share **in the fund's** assets.

### 33. Amendments to the Terms and Conditions:

**The fund manager has the right to amend the fund's terms and conditions at their discretion, after obtaining approval from the fund's board of directors before making any fundamental or non-fundamental change.** However, approval from the unit holders of the fund must be obtained for any proposed fundamental change to the terms and conditions. After securing the unit holders' approval, the fund manager must obtain the approval of the Capital Market Authority for the related fundamental change. The following changes are considered fundamental:

- (a) **A significant change in the fund's objectives, nature, or category.**
- (b) A change that may have a material adverse effect on the unit holders or their rights related to the fund.
- (c) A change that affects the risk level of the fund.
- (d) **An increase in the total value of the fund's assets through acceptance of cash contributions, in-kind contributions, or both.**
- (e) Voluntary withdrawal of the fund manager.
- (f) A change that **significantly increases the total payments made from the fund's assets.**
- (g) A change in the maturity or termination date of the fund.
- (h) Any other cases determined by the Authority from time to time and notified to the fund manager.

The fund manager shall submit an **updated copy of the fund's terms and conditions to the Authority** within ten (10) days of making any changes thereto, as well as to the custodian immediately after updating them.

**The fund manager must publish a copy of the fund's terms and conditions on its website and on the Tadawul website. The manager must also announce the updated version of the fund's terms and conditions on both websites within ten (10) days of making any updates, including the annual update on the fund's performance.**

The fund manager must announce on its website and on the Tadawul's **website the details of any fundamental changes to the fund's terms and conditions at least ten (10) days before the changes** come into effect.

**Details of fundamental changes must be stated in the fund's report** prepared by the fund manager in accordance with Article (25) of the Real Estate Investment Funds Regulations.

Regarding non-fundamental changes to the terms and conditions, these must be announced in the fund reports as per Article 25 of the Regulations **and disclosed on the fund manager's website and the Tadawul's website at least ten (10) days before the changes take effect. Approval from the fund's board of directors must be obtained before making any non-fundamental changes.**

#### 34. **Fund Manager's Declarations:**

1. The fund manager acknowledges that the terms and conditions of Riyadh REIT have been prepared in accordance with the Real Estate Investment Funds Regulations issued by the Saudi Capital Market Authority (CMA).
2. The fund manager declares, after conducting all reasonable investigations and to the best of their knowledge and belief, that there are no other facts which, if omitted from this document, would render any statement misleading. The Saudi CMA and the Saudi Stock Exchange bear no responsibility for the content of these terms and conditions.
3. The fund manager acknowledges that the property is free from any regulatory violations that would prevent or hinder the utilization or operation of the property, and that the property is technically sound and free from any major engineering defects or flaws that could prevent or hinder its use or operation, or cause costly repairs or major alterations.
4. The fund manager declares that there is no direct or indirect conflict of interest between:
  - The fund manager,

- The property manager(s) associated with the fund,
  - The owner(s) of the properties associated with the fund,
  - **Tenant(s) of any real estate assets generating 10% or more of the fund's annual rental income.**
5. The fund manager acknowledges that all related-party transactions have been conducted legally, **properly, and on fair commercial terms, and will not negatively affect the fund's performance or its unit holders.**
  6. **The fund manager declares that all members of the fund's board** of directors: have never been subjected to bankruptcy or insolvency proceedings, have never committed any fraudulent or dishonorable acts, and possess the necessary skills and experience qualifying them to serve as board members.
  7. The fund manager acknowledges that the two independent members conform to the definition of **"independent member" as stated in the CMA's glossary and regulations, and that this will apply to any independent member appointed during the fund's term.**
  8. The fund manager declares that there are no significant business activities or interests of the **fund manager's board members that could conflict with the fund's interests.**
  9. The fund manager declares that no commissions, discounts, brokerage fees, or any other cash or non-cash payments have been granted to any parties inside or outside the fund beyond what is stated in these terms and conditions.
  10. The fund manager declares that there are no conflicts of interest that could affect the fund **manager's ability to perform their duties towards the fund.**
  11. The fund manager acknowledges that there are no fees other than those stated in the fee schedule in paragraph 15 of these terms and conditions.
  12. The fund manager declares that the fund will only be listed upon completion of the property ownership transfer to the fund; if this is not completed within the period specified in paragraph 11, all subscription amounts will be refunded to investors.
  13. The fund manager declares that no board member has a direct or indirect interest in the contracts or business conducted on behalf of the fund.
  14. The fund manager declares that all contracts and agreements related to the fund that may affect **investors' subscription decisions have been disclosed, and there are no undisclosed contracts or agreements.**

15. The fund manager acknowledges that unit holders have the right to vote on matters raised in unit holders' meetings. Furthermore, majority approval by unit holders owning more than 50% / 75% (as applicable) of the units present is required for any fundamental change to the fund, including but not limited to:
- Significant change in the fund's objectives, nature, or category;
  - Change that may materially and negatively affect unit holders or their rights related to the fund;
  - Change affecting the fund's risk level;
  - Voluntary withdrawal of the fund manager;
  - Significant increase in total payments paid from the fund's assets;
  - Change in the fund's maturity or termination date;
  - Increase in the fund's total asset value by accepting cash or in-kind contributions;
  - Any other cases decided by the CMA and notified to the fund manager from time to time.
16. The fund manager declares that they will take all necessary steps in the best interest of unit holders with due care and diligence. The fund manager, directors, officers, employees, agents, consultants, Affiliate, custodian, Shariah advisor, and the fund's board will act in good faith and with reasonable care to serve unit holders' interests. However, the fund may incur losses due to unintentional acts by any of the aforementioned parties while managing the fund, for which they will not be held liable provided that the acts were in good faith, without gross negligence, fraud, or intentional misconduct, and no prior knowledge of adverse outcomes existed.
17. The fund manager declares that all terms, conditions, and information that could affect subscription decisions have been disclosed.
18. The fund manager declares that neither property owners nor tenants are subject to any seizure or freezing of their assets or accounts.
19. The fund manager declares that it does not act as a principal in its dealings.
20. The fund manager acknowledges that the main activities of potential tenants are lawful and that they are capable of fulfilling their obligations.

### 35. Governing Law:

These terms and conditions constitute a legally binding contract between the fund manager and each unit holder. Investment in the fund implies implicit acceptance of these terms and conditions. These terms and conditions shall be governed by and construed in accordance with the Capital Market Law, its implementing regulations, and other relevant laws and regulations applicable in the Kingdom of Saudi Arabia.

The fund manager and every investor shall seek an amicable resolution to any dispute arising out of or relating to these terms and conditions, or any matters contained therein. In the event that an amicable settlement cannot be reached, either party may refer the dispute to the Committee for Resolution of Securities Disputes at the Capital Market Authority.

## Annex (A)

### Summary of the financial disclosure

Fund category	Real estate investment traded closed-ended fund.
Fund objectives	The main objective of the Fund is to provide regular income for unit holders, by investing in real estate assets that generate income and exist mainly in Saudi Arabia. The Fund intends to finance the costs of acquisition and operation from the subscription amounts and from <b>a Shari'a compliant finance resources as well as the proceeds of the Fund's investment.</b>
Target distributions	The Fund Manager aims at distributing annual cash profits to the investors of no less 90% of the Fund net profits, within 90 calendar days of each Gregorian year, with the exception of the capital gains resulting from selling the real estate assets that will be reinvested in additional assets in a way that serves the interest of the unit holders (taking into consideration Paragraph 2-5 above).
Closed/ open	Closed-Ended fund
Fund lifetime	99 Gregorian years start as of the date of accepting and listing the units in Saudi Stock Exchange ("Tadawul") and offering them for trading.
Fund Manager	Riyad Capital company
The Custodian:	Value Capital
Fund's main currency	Saudi Riyal
Management fees	The Fund shall pay the Fund Manager an annual fee (" <b>Management Fees</b> ") equal to 1.2 % of the net assets value of the Fund (as defined in the Terms and Conditions herein). The management fees shall be calculated and paid semiannually by the end of each calendar half.
Custody fees	The Fund shall pay the Custodian annually a custody fees of SAR 100 thousand. The custody fees shall be calculated and paid semiannually by the end of each calendar half.
Auditor Fees	The Fund shall pay an annual fee of SAR 30,000 with a maximum of SAR 65,000 in return of the Auditor services.
Zakat and Tax Advisor Fees	The Fund bears the costs of the zakat and Tax advisor amounting to 13,225 Saudi riyals, with a maximum of 30,000 Saudi riyals annually.
Financing fees	The Fund shall bear all the costs of finance, charges, and expenses related to arrangement <b>and structuring of financing in a way that is consistent with the Fund's Shari'a compliance</b> rules, if any. Negotiations shall be made on a pure commercial manner.
Brokerage commission	The Fund might pay the real estate brokers a brokerage commission of maximum 2.5% of the price of purchasing any real estate asset. The percentage of the due commission might differ based on the negotiations between the Fund Manager and the relevant broker.

Unit registration and listing fees	<p>Registration fees:</p> <ul style="list-style-type: none"> <li>• Service of developing owner registry: SAR 50 thousand in addition to SAR 2 for each investor with a limit of SAR 500 thousand.</li> <li>• Service of managing owner registry: SAR 300 thousand annually.</li> </ul> <p>Listing fees:</p> <ul style="list-style-type: none"> <li>• Service of initial listing of the Fund units: SAR 50 thousand.</li> <li>• Service of listing Fund units: Amount: 0.03% of the Fund's market value, with a minimum limit of SAR 50 thousand and a maximum limit of SAR 300 thousand</li> </ul>
Dealing Fees	<p>The Fund shall pay the Fund Manager Dealing Fees that are equal to 1 % of the price of selling or purchasing of each real estate asset sold or purchased. Such fees are due after the completion of the selling or purchase process for each real estate asset. To avoid any doubt, such fees are due on any new acquisitions processes done by the Fund to increase its capital.</p>
Property Management fees	<p>Property Management Fees negotiated on a commercial independent basis shall be paid. The target is that each real estate manager shall receive maximum 7% of the proceeds of the lease related to the relevant property.</p>
Development/project management fees	<p>If the Fund invests in a real estate development project, the real estate developer/project manager shall receive fees for developing and construction as negotiated on a commercial independent basis. The developer/project manager shall receive maximum 7% of the construction costs.</p>
Other Costs	<p>The Fund will be responsible for all costs and expenditures <b>of the Fund's activities and investments</b>. The Fund bears all fees resulting from transactions with third parties, as well as the consultation and legal fees and the allowances and salaries of the Fund board member. All services provided by third parties such as the legal and consultation fees, real estate consultants, relevant insurance costs, and any other professional services including costs related to listing Fund units. The target is that such costs do not exceed 0.5% of the net assets value of the Fund.</p> <p>The Fund Manager shall bear all the general expenditures related to Fund management, including employee salaries in relation to the Fund, the Shari'a Committee costs, and the facilities costs and lease of the Fund office.</p>