Version 5

Derayah REIT

A closed-ended, publicly listed real estate investment trust (REIT) established in compliance with Shariah principles and listed on the Saudi Capital Market

Terms and Conditions

Fund Size: SAR 1,172,000,000
Fund Capital: SAR 1,075,070,350
Credit Facilities: SAR 96,929,650
Public Offering Value: SAR 361,744,210
Total Number of Fund Units: 107,507,035
Units Offered to the Public: 36,174,421

December 2017

Fund Manager

Derayah Financial Company

Custodian

Alinma Investment Company

These Terms and Conditions were originally issued on 22/03/1439 A.H., corresponding to 10/12/2017 A.C., and were last amended on 02/02/1448 A.H., corresponding to 16/07/2026 A.C. The registration and listing of the Derayah REIT Fund units on the Saudi Stock Exchange (Tadawul) were approved by the Capital Market Authority (CMA) on 18/03/1439 A.H., corresponding to 06/12/2017 A.C.

These Terms and Conditions have been issued by Derayah Financial Company. The Fund Manager is committed to complying with the Instructions for Listed Real Estate Investment Funds issued by the Board of the Capital Market Authority pursuant to Resolution No. (6-130-2016) dated 23/01/1438 A.H., corresponding to 24/10/2016 A.C. In addition, it is committed to complying with to the applicable provisions of the Real Estate Investment Funds Regulations issued under Board Resolution No. (1-193-2006) dated 19/06/1427 A.H., corresponding to 15/07/2006 A.C.

The Fund Manager accepts full responsibility for the accuracy of the information contained in these Terms and Conditions and confirms that, after making all reasonable inquiries and to the best of its knowledge and belief, no material facts have been omitted that would cause any statement contained herein to be misleading. Neither the Capital Market Authority nor the Saudi Stock Exchange bears any responsibility for the contents of these Terms and Conditions, nor do they provide any representation or warranty regarding their accuracy or completeness. Both expressly disclaim any liability for losses arising from reliance on any part of these Terms and Conditions.

Shariah Approval Certificate No.: DRYA-674-08-01-04-17

The Capital Market Authority does not guarantee the accuracy or completeness of this document and assumes no responsibility for any loss arising from its contents or from reliance on any part thereof. Any person intending to subscribe for the Fund units offered under this document should verify the accuracy of the information relating to such units. If they are unable to understand the contents of this document, they should consult a financial adviser licensed by the Capital Market Authority.

This amended version of the Derayah REIT Fund's Terms and Conditions as per our letter sent to the Capital Market Authority dated 15/07/2026, which incorporates the following updates:

- Revision of the version number and issuance date.
- Update of the Fund's service providers, including the real estate valuer and the property manager.
- Amendment of the legal auditor's fees.
- Update of the list of other investment funds overseen by members of the Fund's Board of Directors.

Important Notice

(1) Prospective investors should carefully review the Terms and Conditions of the Derayah REIT Fund before making any investment decision. If an investor has any uncertainty or requires clarification regarding the suitability of the Derayah REIT Fund or any provision contained in these Terms and Conditions, they should seek advice from an independent financial adviser licensed by the Capital Market Authority. Investors who choose to invest in the Fund must be willing to assume all risks and responsibilities associated with their investment decision.

(2) These Terms and Conditions have been prepared in accordance with the Real Estate Investment Funds Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (1-193-2006) dated 19/06/1427 A.H., corresponding to 15/07/2006 A.C. They have also been prepared according to the Instructions for Listed Real Estate Investment Funds issued pursuant to Resolution No. (6-130-2016) dated 23/01/1438 A.H., corresponding to 24/10/2016 A.C., which are based on the Capital Market Law promulgated under Royal Decree No. (M/30) dated 02/06/1424 A.H., corresponding to 31/07/2003 A.C.

(3) The Fund Manager is responsible for the information set out in these Terms and Conditions. The Fund Manager confirms, to the best of its knowledge and after exercising reasonable professional care in verifying the information, that these Terms and Conditions contain no false or misleading statements and omit no information required under the implementing regulations issued by the Board of the Capital Market Authority.

(4) The Capital Market Authority of the Kingdom of Saudi Arabia accepts no responsibility for the accuracy of the information or data contained in these Terms and Conditions, or for the performance of the Derayah REIT Fund. The Capital Market Authority also disclaims any legal liability to any person or investor for any loss or damage arising from reliance on any statement or information contained in these Terms and Conditions.

(5) These Terms and Conditions provide comprehensive information regarding the Derayah REIT Fund in accordance with the requirements governing the registration, listing, and admission of units of listed real estate investment funds on the Saudi Stock Exchange (Tadawul) under the Real Estate Investment Funds Regulations and the Instructions for Listed Real Estate Investment Funds. Accordingly, investors acquiring Fund units shall be deemed to have relied exclusively on the information contained in these Terms and Conditions. Copies are available on the websites of Derayah Financial Company at www.derayah.com and the Saudi Stock Exchange (Tadawul) at www.tadawul.com.sa.

(6) The offering of the Derayah REIT Fund units under these Terms and Conditions was approved by the Capital Market Authority on 18/03/1439 A.H., corresponding to 06/12/2017 A.C. The Fund Manager submitted an application to the Capital Market Authority for the registration and listing of the Fund units on the Saudi Stock Exchange (Tadawul). All required regulatory and other relevant approvals necessary for the offering of the Derayah REIT Fund units on the Saudi Stock Exchange (Tadawul), including the approvals relating to these Terms and Conditions, have been obtained, and all supporting and relevant documentation has been submitted to the Capital Market Authority. These Terms and Conditions have been prepared solely for the consideration of prospective investors evaluating an investment in the Fund and should be read before making any investment decision. Their use for any purpose other than evaluating such an investment is prohibited.

(7) The Derayah REIT Fund is a closed-ended, listed real estate investment fund that complies with Shariah principles and invests in income-generating real estate assets. The Fund seeks to generate income for investors through investment in a diversified portfolio of existing, income-producing real estate assets within the Kingdom of Saudi Arabia. In accordance with the Instructions for Listed Real Estate Investment Funds, the Fund may invest up to 25% of the value of its assets in real estate located outside the Kingdom of Saudi Arabia and up to 25% of the value of its assets in real estate development projects. The Fund aims to generate annual returns for investors throughout its term and to distribute quarterly dividends of no less than 90% of its net profits, in accordance with the Instructions for Listed Real Estate Investment Funds.

(8) The Derayah REIT Fund is classified as a high-risk investment. Accordingly, it may not be appropriate for investors seeking low-risk or conservative investment opportunities. The market value of the Fund units and the amount of cash distributions may decline as a result of the risks to which the Fund is exposed, and investors may therefore be unable to recover the full amount of their original investment. Prospective investors are advised to consult an independent financial adviser licensed by the Capital Market Authority before making an investment decision. For further information regarding the associated risks, please refer to section (G) "Investment Risks in the Fund" of these Terms and Conditions.

(9) Prospective investors should not regard these Terms and Conditions as providing tax, legal, Shariah, investment, or other professional advice. Investors are encouraged to seek independent accounting, legal, professional and Shariah advice regarding the acquisition, ownership or disposal of units in the Derayah REIT Fund. They are also encouraged to seek advice regarding any regulatory requirements applicable to them, foreign exchange restrictions that may apply, and the implications of purchasing, holding, selling or disposing of Fund units with respect to income, taxation, and Zakat, taking into account that the Derayah REIT Fund is a listed real estate investment fund.

(10) The views and opinions expressed in these Terms and Conditions reflect the Fund Manager's assessment and interpretation of the information available as of the date of these Terms and Conditions. No representation or warranty is made regarding the accuracy of such views or opinions. Investors are responsible for determining the extent to which they choose to rely on such assessments, and the Fund Manager accepts no responsibility in this respect.

(11) The reproduction or distribution of these Terms and Conditions, whether in whole or in part, together with any disclosure of their contents or use of the information contained herein for any purpose other than evaluating an investment in the Derayah REIT Fund is prohibited, except where such use is intended to make the information publicly available.

(12) The Fund Manager may be required to comply with any amendments to the applicable legislative framework or the regulations of the Capital Market Authority once such amendments become effective.

(13) The forecasts contained in these Terms and Conditions have been prepared based on assumptions adopted by the Fund Manager in light of its experience in the markets and sectors in which it operates, together with publicly available market information. Actual future operating conditions may differ from the assumptions on which these forecasts are based. Accordingly, no representation or warranty is made regarding the accuracy or completeness of any such forecasts.

(14) Certain forecasts and statements contained in these Terms and Conditions constitute, or may be regarded as, "forward-looking statements". These statements may be identified by the use of forward-looking expressions, such as "intends", "estimates", "believes", "expects", "is expected", "may", "will", "should", "is anticipated", or the negative forms of these expressions, as well as other similar or comparable terminology. Such forward-looking statements reflect the Fund Manager's current expectations regarding future events; however, they should not be interpreted as a guarantee of future performance.

Numerous factors could cause the Fund Manager's actual results, performance, or achievements to differ materially from those expressed or implied by these forward-looking statements. A more detailed discussion of certain risks and factors that may give rise to such differences is provided in section (G) "Investment Risks in the Fund" of these Terms and Conditions.

Should one or more of these risks or uncertainties materialize, or should any of the underlying assumptions prove to be incorrect or inaccurate, the Fund's actual results may differ materially from those described in these Terms and Conditions as being estimated, believed, expected, or planned.

Subject to the requirements of the Instructions for Listed Real Estate Investment Funds, the Fund Manager shall promptly disclose the situation to the Capital Market Authority and the unitholders, and obtain any required approvals where applicable, if it becomes aware of either: (a) any material change affecting a material matter contained in these Terms and Conditions; or (b) the occurrence of any material matter that should have been included in these Terms and Conditions.

Except in the circumstances described above, the Fund Manager does not intend to update or revise any industry or market information or any forward-looking statements contained in these Terms and Conditions, whether as a result of new information, future events, or otherwise.

Accordingly, in view of the foregoing and the risks, assumptions, and uncertainties described above, the future events and circumstances projected in these Terms and Conditions may not occur as anticipated by the Fund Manager, or may not occur at all. Prospective investors should therefore assess all forward-looking statements in light of these considerations and should not place undue reliance on them.

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Definitions

Unless the context requires otherwise, the following terms and expressions shall have the meanings assigned to them below:

Term	Definition
Financing Structuring Fee	The fee payable to the Fund Manager for arranging Shariah-compliant bank financing for the benefit of the Fund from a bank operating within the Kingdom of Saudi Arabia and licensed by the Saudi Arabian Monetary Authority or from a banking institution outside the Kingdom of Saudi Arabia that is duly licensed by the relevant regulatory authorities and central bank in its jurisdiction.
Gross Asset Value (GAV)	The aggregate value of the Fund's assets, including its real estate assets as determined by the valuer at the end of each valuation period (30 June and 31 December), before the addition of any accrued income and prior to the deduction of any outstanding financial liabilities of the Fund.
Fund Assets or Real Estate Assets	The existing real estate owned or beneficially held by the Fund, together with any real estate that may be acquired or beneficially held by the Fund in the future in accordance with these Terms and Conditions.
Related Parties	Any of the following: • The Fund Manager. • The Custodian. • The Valuer. • The External Auditor. • The Developer. • Members of the Board of Directors, or any executive officers or employees of any of the foregoing parties. • Any unitholder holding more than 5% of the Fund's net assets. • Any affiliate of, or person exercising control over, any of the aforementioned persons.
Custodian	Alinma Investment Company, a legal entity licensed to conduct custody activities and registered with the Capital Market Authority in accordance with the Authorized Persons Regulations under License No. 37-09134.
Offering Date	The first day of the Fund's offering period during which the target Fund capital is raised, being 09/04/1439 A.H., corresponding to 27/12/2017 A.C.
Offering Closing Date	The final day of the Fund's offering period during which the target Fund capital is raised, being 20/04/1439 A.H., corresponding to 07/01/2018 A.C.
Listing Date	The date on which the Fund begins its operations, which shall occur within 60 business days following the Offering Closing Date.
Tadawul	The Saudi Stock Exchange (Tadawul).
Instructions for Listed Real Estate Investment Funds	The Instructions for Listed Real Estate Investment Funds issued by the Board of the Capital Market Authority pursuant to Resolution No. (6-130-2016) dated 23/01/1438 A.H., corresponding to 24/10/2016 A.C.
Right of Pre-emption	The legal right of a partner to have priority in purchasing a property before it may be sold to any other purchaser.
Saudi Riyal (SAR)	The official currency of the Kingdom of Saudi Arabia.
SAIBOR	The Saudi Arabian Interbank Offered Rate.
Financial Year	The Fund's financial year commences on 1 January and ends on 31 December of each Gregorian calendar year. The first financial year shall not exceed 18 months.
Derayah Real Estate Holding Company	A limited liability company established as a Special Purpose Vehicle (SPV) under Commercial Registration No. 1010470413, dated 28/07/1437 AH, with 99% ownership held by Alinma Investment Company and 1% ownership

Term	Definition
	held by Alinma Investment Custodian Company. The company was established for the purpose of holding legal title to and registering the assets of the Derayah Real Estate Income Fund.
Terms and Conditions	These Terms and Conditions of the Derayah REIT Fund, issued by Derayah Financial Company in its capacity as the Fund Manager, in accordance with the Instructions for Listed Real Estate Investment Funds issued by the Board of the Capital Market Authority pursuant to Resolution No. (6-130-2016) dated 23/01/1438 A.H., corresponding to 24/10/2016 A.C., and the applicable provisions of the Real Estate Investment Funds Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (1-193-2006) dated 19/06/1427 A.H, corresponding to 15/07/2006 A.C.
Partner	The tenant of a property who may hold a right of pre-emption to purchase the property before it is offered for sale to other prospective purchasers.
Fund Net Profit	The Fund's total income after deducting all expenses borne by the Fund.
Net Asset Value (NAV)	The aggregate value of the Fund's assets, including the real estate assets as determined by the Valuer at the end of each valuation period (30 June and 31 December), together with any accrued income, less all outstanding financial liabilities of the Fund.
Fund	Derayah REIT (DERAYAH REIT), a Shariah-compliant, closed-ended, listed real estate investment fund established in accordance with the Real Estate Investment Funds Regulations and the Instructions for Listed Real Estate Investment Funds.
Derayah Real Estate Income Fund	A closed-ended private real estate investment fund licensed by the Capital Market Authority and managed by the Fund Manager. The Fund commenced operations on 24/07/1437 A.H., corresponding to 01/05/2016 A.C.
Value Added Tax (VAT)	An indirect tax imposed on goods and services supplied or acquired by businesses, subject to certain exceptions. It forms part of the tax and fee framework applicable to specified sectors within the Kingdom, including the real estate sector, as announced by the General Authority of Zakat and Income, and became effective on 1 January 2018.
Independent Board Member	An independent member of the Fund's Board of Directors who maintains full independence. Circumstances that may impair such independence include, without limitation: (1) being an employee of, or affiliated with, the Fund Manager, any sub-fund manager, or the Fund's Custodian, or having a material business or contractual relationship with any of them; (2) having served as a senior executive of the Fund Manager or any of its affiliates during the preceding two years; (3) being a first-degree relative of any member of the Board of Directors or any senior executive of the Fund Manager or any of its affiliates; or (4) having been a controlling shareholder of the Fund Manager or any of its affiliates during the preceding two years.
Fully Developed Property	A completed and developed property that is ready for use, including residential, commercial, industrial, office, hospitality, healthcare, educational, warehouse, and agricultural properties.
Usufruct Agreement	An agreement under which the usufruct rights to a specified property are acquired for a specified period without transferring full ownership of the underlying asset, which remains vested in its original owner.
Offering Period	The period beginning on the Offering Date and ending on the Offering Closing Date, including any extension thereof.
Capital Market Institutions Regulations	The Capital Market Institutions Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (1-83-2005) dated 21/05/1426 A.H., corresponding to 28/06/2005 A.C.
Real Estate Investment Funds Regulations	The Real Estate Investment Funds Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (1-193-2006) dated 19/06/1427 A.H., corresponding to 15/07/2006 A.C., together with any amendments thereto.
Public Unitholders	All holders of Fund units, excluding the following: • Any unitholder holding 5% or more of the total issued Fund units. • The Fund Manager and its affiliates. • Members of the Fund's Board of Directors.
Real Estate Valuers or Valuers	A person appointed by the Fund Manager to value the Fund's assets who possesses the knowledge and experience required to provide real estate valuation services in accordance with the requirements of the Capital Market Authority and who is a full member of the Saudi Authority for Accredited Valuers (TAQEEM). The appointed valuers are White Cubes Professional Consulting Company and Valley Real Estate Valuation Company.
Fund Manager	Derayah Financial Company, a Saudi public joint stock company listed on the Saudi Stock Exchange under Commercial Registration No. 1010266977, dated 04/05/1430 A.H. The Fund Manager is a legal entity licensed to conduct the following securities business activities: dealing, arranging, advising, custody, investment management,

Term	Definition
	and operation of funds, and is registered with the Capital Market Authority in accordance with the Capital Market Institutions Regulations under License No. 27-08109, dated 16/06/2008 A.C.
Investors / Unitholders	Any person holding units in the Fund in accordance with these Terms and Conditions.
Internal Rate of Return (IRR)	The annual discount rate at which the net present value of all future cash flows is equal to zero.
Freehold Real Estate Ownership	Ownership of land together with the buildings constructed thereon on a freehold basis and without any time limitation. Title to the property is registered in the owner's name, and the owner has the unrestricted right to dispose of the property in accordance with the laws of the Kingdom.
The Kingdom or Saudi Arabia	The Kingdom of Saudi Arabia.
Companies Law	The Saudi Companies Law issued pursuant to Royal Decree No. M/3, dated 28/01/1437 A.H., together with any amendments thereto.
Authority or Capital Market Authority (CMA)	The Capital Market Authority (CMA), the supervisory and regulatory authority responsible for regulating the capital market in the Kingdom of Saudi Arabia. Where the context requires, the term shall also include any committee, subcommittee, officer, or delegate authorized by the Authority.
Units	Undivided interests in the Fund's net assets that are equal in rights and obligations and entitle investors to participate in the ownership of the Fund's assets in proportion to the number of Units held by each investor.
Business Day	Any day from Sunday to Thursday, excluding official holidays, on which the Saudi Stock Exchange (Tadawul) is open for business.

Derayah REIT Fund Directory

Role	Entity	Address / Contact Details
Fund	Derayah REIT Fund	Takhassusi Street, Prestige Center, 3rd Floor P.O. Box: 286546, Riyadh 12331, Kingdom of Saudi Arabia Tel: +966 (11) 2998000 Fax: +966 (11) 4196498 Website: www.derayah.com
Fund Manager	Derayah Financial Company	Takhassusi Street, Prestige Center, 3rd Floor P.O. Box: 286546, Riyadh 12331, Kingdom of Saudi Arabia Tel: +966 (11) 2998000 Fax: +966 (11) 4196498 Website: www.derayah.com
Custodian	Alinma Investment Company	King Fahd Road, Al-Olaya District P.O. Box: 66333, Riyadh 11576, Kingdom of Saudi Arabia Tel: +966 (11) 2185999 Fax: +966 (11) 2185970 Website: www.alinmainvestment.com
External Auditor	Ibrahim Al-Bassam & Abdulmohsen Al-Nemer, Certified Public Accountants (PKF Al-Bassam & Al-Nemer)	Prince Mohammed bin Abdulaziz Street (Tahlia), Al-Sulaymaniyah District P.O. Box: 28355, Riyadh 11437, Kingdom of Saudi Arabia Tel: +966 (11) 2065333 Fax: +966 (11) 2065444 Website: www.pkf.com/saudi-arabia

Shariah Adviser	Shariyah Review Bureau	P.O. Box: 21051, Manama, Kingdom of Bahrain Tel: +973 17215898 Website: www.shariyah.com
Real Estate Valuer	White Cubes Professional Consulting Company	P.O. Box: 2955, Riyadh 11461, Kingdom of Saudi Arabia Tel: +966 (50) 3559911 Website: www.whitecubes.com.sa
Real Estate Valuer	Valie Real Estate Valuation Company	Al-Olaya District, Olaya Main Street, Building No. 8991, Secondary No. 2506, Postal Code 12661, Jeddah/Riyadh, Kingdom of Saudi Arabia Tel: +966 920009518 Website: www.valie.sa
Feasibility Study Consultant	Century 21 Saudi Arabia	P.O. Box: 300317, Riyadh 11372, Kingdom of Saudi Arabia Tel: +966 (11) 4000360 Fax: +966 (11) 4857338 Website: www.century21saudi.com
Property Manager	Roaya Growth & Development Real Estate Company	Tariq Bin Ziyad Street, Al-Rakah Al-Janoubiyah District, Al-Khobar 34227-7359, Kingdom of Saudi Arabia Tel: +966 920000545 Website: https://roaya.com.sa
Property Manager	Sustained Property Company	2829 King Fahd Road, Al-Wurud District, Unit 8056, Riyadh 12253, Kingdom of Saudi Arabia Tel: +966 563222555 Website: https://sproperty.sa

Property Manager	Altharwa Alaqaria Company	Anas Bin Malik Street, Al-Malqa District P.O. Box: 4316, Riyadh 13524-6758, Kingdom of Saudi Arabia Tel: 920003566 Website: https://4tunerealty.com
Receiving Entity for Subscription Applications	Derayah Financial Company	Takhassusi Street, Prestige Center, 3rd Floor P.O. Box: 286546, Riyadh 12331, Kingdom of Saudi Arabia Tel: +966 (11) 2998000 Fax: +966 (11) 4196498 Website: www.derayah.com
Receiving Banks for Subscription Applications	Arab National Bank (ANB)	King Faisal Road, Riyadh P.O. Box: 56921, Riyadh 11564, Kingdom of Saudi Arabia Tel: +966 (11) 4029000 Fax: +966 (11) 4027747 Telex: 402660 ARNA SJ Website: www.anb.com.sa
	National Commercial Bank (NCB)	Tahlia Street, Jeddah P.O. Box: 51266, Jeddah 21543, Kingdom of Saudi Arabia Tel (Jeddah): +966 (12) 6464999 Tel (Riyadh): +966 (11) 4787877 Tel (Dammam): +966 (13) 8340088 Fax: +966 (12) 6465892 Website: www.alahli.com
	Riyad Bank	King Abdulaziz Road, Riyadh P.O. Box: 22622, Riyadh 11416, Kingdom of Saudi Arabia Tel: +966 920002470 Tel: +966 (11) 4013030 Website: www.riyadbank.com
Regulatory Authority	Capital Market Authority (CMA)	King Fahd Road P.O. Box: 87171, Riyadh 11642, Kingdom of Saudi Arabia Website: www.cma.org.sa
Trading Platform	Saudi Stock Exchange (Tadawul)	Al-Taawunia Towers, North Tower, King Fahd Road P.O. Box: 60612, Riyadh 11555, Kingdom of Saudi Arabia Website: www.tadawul.com.sa

Fund Summary

Item	Details
Fund Name	Derayah REIT Fund (Derayah REIT)
Fund Manager	Derayah Financial Company, a Saudi joint stock company registered under Commercial Registration No. 1010266977 dated 04/05/1430 A.H. The Fund Manager is a legal entity licensed to conduct securities business activities, including dealing, arranging, advising, custody, investment management, and fund operation. It is registered with the Capital Market Authority under the Authorized Persons Regulations, License No. 27-08109 dated 16/06/2008 A.C.
Fund Type	A closed-ended, publicly traded real estate investment fund compliant with Shariah principles, established under the Real Estate Investment Funds Regulations and the Instructions for Listed Real Estate Investment Funds.
Fund Currency	Saudi Riyal (SAR)
Fund Term	Ninety-nine (99) years commencing from the listing date on the Saudi Stock Exchange (Tadawul), renewable for similar periods at the discretion of the Fund Manager and subject to the approval of the Authority.
Investment Objectives	The Fund aims to generate income for investors by investing in a portfolio of existing income-generating real estate assets within the Kingdom of Saudi Arabia. The Fund may invest up to 25% of its assets (based on the latest audited financial statements) in real estate located outside Saudi Arabia, and up to 25% in real estate development, in accordance with the Instructions for Listed Real Estate Investment Funds. The objective is to achieve annual returns during the Fund's term and to distribute quarterly dividends of not less than 90% of the Fund's net profits, in accordance with applicable regulations.
Total Fund Size	SAR 1,172,000,000
Total Asset Value at Offering	SAR 1,086,403,679 (representing the total purchase price of properties to be acquired under this offering)
Fund Capital at Offering	SAR 1,075,070,350
Public Offering Size	SAR 361,744,210
Total Number of Units	107,507,035
Publicly Offered Units	36,174,421
Fund Manager Subscription (Maximum)	SAR 16,600,000
Unit Nominal Value / Offering Price	SAR 10 per unit
Minimum Subscription	SAR 10,000
Maximum Subscription	SAR 50,000,000
Dividend Distribution Policy	Distributions shall be made to unitholders on a quarterly basis, amounting to not less than ninety percent (90%) of the Fund's net profits.
Risk Level	The Fund is classified as high risk. For further details, please refer to section (G) "Investment Risks in the Fund" of these Terms and Conditions.
Valuation Frequency	Valuations shall be conducted at least once every six (6) months by two independent valuers, at the end of the last business day of June and December of each Gregorian calendar year.
Subscription Fee	2% of the subscription value, deducted in advance and payable once to the Fund Manager.

Item	Details
Fund Management Fee	0.85% per annum of the Fund's Net Asset Value, payable semi-annually by the Fund to the Fund Manager.
Transaction Fees	The Fund shall pay up to 1% of the property value upon acquisition or disposal to the Fund Manager for due diligence, negotiation, and inspection. These fees apply to properties acquired under this offering and any future acquisitions or disposals. Payment is made immediately upon transfer of title.
Performance Incentive (Fund Manager)	Upon exit from any Fund asset, the Fund Manager is entitled to 20% of any return exceeding an 8% Internal Rate of Return (IRR) for that asset. This incentive is paid after the quarterly dividend distribution.
Brokerage Fee	Up to 2.5% of the property value upon acquisition, payable to the broker or the Fund Manager for sourcing the property. These fees apply to properties acquired under this offering and any future acquisitions. Payment is made immediately upon transfer of title.
Financing Structuring Fee	Up to 1% of the total amount drawn under any Shariah-compliant credit facilities, payable to the Fund Manager or another designated party for structuring financing arrangements.
Custody Fee	0.03% per annum of the Fund's Net Asset Value, payable semi-annually to the Custodian, subject to a maximum annual fee of SAR 120,000.
External Auditor Fees	SAR 60,000 per annum.
Shariah Committee Fees	SAR 18,750 per annum.
Valuation Fees	Based on prevailing market rates, up to a maximum of SAR 10,000 per property valuation, conducted twice annually for each real estate asset.
Independent Board Member Remuneration	SAR 2,000 per member per meeting, with a total annual cap of SAR 24,000 for all independent members combined. Payment is made on an incurred basis.
Property Management Fee	The property management manager shall be entitled to fees calculated as a percentage of total rental income generated. Such fees shall be payable to the property manager at a maximum rate of 7% of total rental income collected annually, and shall be paid on a quarterly basis.
Financing Expenses	Market-based costs, including financing arrangement costs and financing pricing, payable to the financing provider.
Other Expenses	Any additional fees or expenses not exceeding 0.05% of the total value of the Fund's assets, including (without limitation) costs related to real estate acquisition, advisory, legal and technical services, regulatory fees, publication costs, and other related expenses.

Saudi Stock Exchange (Tadawul) Listing Fees	The Fund is expected to pay the following listing fees to the Saudi Stock Exchange (Tadawul): 1. One-time initial listing fee for Fund units: SAR 50,000. 2. Annual ongoing listing fee: 0.03% of the market value of the Fund, subject to a minimum of SAR 50,000 and a maximum of SAR 300,000 per annum. These fees are subject to amendment as determined by the Saudi Stock Exchange (Tadawul).
Securities Depository Center Fees	The Fund is expected to pay the following fees to the Saudi Stock Exchange (Tadawul) in relation to registration in the securities market: 1. A one-time fee of SAR 50,000 plus SAR 2 per unitholder, capped at SAR 500,000, for establishing the unitholders' register. 2. Annual fees based on the Fund's market value as follows: • Up to SAR 100 million: SAR 180,000 • SAR 100 million to 200 million: SAR 220,000 • SAR 200 million to 500 million: SAR 300,000 • SAR 500 million to 2 billion: SAR 400,000 • SAR 2 billion to 5 billion: SAR 500,000 • SAR 5 billion to 10 billion: SAR 600,000 • Above SAR 10 billion: SAR 700,000 These fees are subject to change as determined by the Saudi Stock Exchange (Tadawul).
Zakat	The Fund Manager does not assume responsibility for paying zakat on behalf of the unitholders. Each unitholder is individually responsible for the payment of zakat on units held in the Fund. The Fund Manager undertakes to register the Fund with the Zakat, Tax and Customs Authority (ZATCA) within the required statutory timeframe. It shall also submit the information and data required by ZATCA for review and audit of returns within the prescribed period, and provide taxable unitholders with the necessary and publishable information required to calculate the zakat base. The Fund Manager shall further notify ZATCA of the termination of the Fund within the statutory timeframe. Relevant regulations and rules issued by ZATCA relating to investment funds may be accessed via:

	http://zatca.gov.sa/ar/Pages/default.aspx
Shariah Standards	The Fund operates and invests in compliance with Islamic Shariah principles and guidelines.
Trading Mechanism	Units are traded through the Tadawul system, which provides an integrated mechanism covering the full trading cycle from order execution to settlement. Trading takes place on business days from Sunday to Thursday in a single session from 10:00 a.m. to 3:00 p.m. Orders may be entered, amended, or cancelled outside trading hours from 9:30 a.m. to 10:00 a.m. Trading hours are adjusted during Ramadan as announced by Tadawul. Transactions are executed through an automated order-matching system, whereby valid orders are generated based on price priority. Market orders (best available price) are executed first, followed by limit orders (specified price). Where multiple orders exist at the same price level, execution is based on time priority. Tadawul disseminates market information through various channels, including its website and data feeds to information providers such as Reuters. Settlement is conducted automatically on the same day, and ownership of units is transferred immediately upon execution.
Applicable Regulations	The Fund is subject to the Instructions for Listed Real Estate Investment Funds issued by the Board of the Authority pursuant to Resolution No. (6-130-2016) dated 23/01/1438 A.H., corresponding to 24/10/2016 A.C., as well as the relevant provisions of the Real Estate Investment Funds Regulations issued pursuant to Resolution No. (1-193-2006) dated 19/06/1427 A.H., corresponding to 15/07/2006 A.C., in addition to all applicable laws and regulations in force in the Kingdom, including regulations governing real estate ownership by non-Saudis.

A. Fund Name and Type

Derayah REIT Fund (DERAYAH REIT) is a closed-ended, publicly listed real estate investment fund that operates in compliance with Shariah principles. The Fund is listed on the Saudi Stock Exchange (Tadawul) in accordance with the Real Estate Investment Funds Regulations.

B. Address of Registered Office and Website of the Fund Manager

Derayah Financial Company
Takhassusi Street, Prestige Center, 3rd Floor,
P.O. Box: 286546, Riyadh 11323,
Kingdom of Saudi Arabia
Tel: +966 (11) 2998000
Fax: +966 (11) 4196498
www.derayah.com

C. Fund Term

The term of the Fund shall be ninety-nine (99) years, commencing from the date the Fund units are listed on Tadawul. The term may be renewed for additional periods of the same duration at the discretion of the Fund Manager, subject to the approval of the Capital Market Authority.

D. Fund Objectives

The Fund is a closed-ended, publicly listed real estate investment fund that invests in income-generating real estate assets in compliance with Shariah principles. It aims to generate income for investors through investment in a portfolio of existing income-generating real estate opportunities located within the Kingdom of Saudi Arabia (excluding Makkah and Madinah). The Fund seeks to achieve annual returns throughout its term and to make quarterly cash distributions of not less than 90% of its net profits.

E. Purpose of the Fund and its Investment Objectives

The Fund seeks to acquire commercial, residential, industrial, office, warehouse, healthcare, educational, hospitality, or agricultural properties within the Kingdom of Saudi Arabia, in accordance with the conditions set out in section (F): "Summary of Strategies to Achieve the Fund's Objectives" below. The aim is to generate annual rental income for unitholders and enable quarterly dividend distributions of not less than 90% of the Fund's net profits.

F. Summary of Strategies to Achieve the Fund's Objectives

The Fund aims to acquire a number of income-generating properties included within the fifteen real estate assets referred to in section (F), item (5): "Description of the Fund's Current Assets", within 60 business days following the successful completion of the offering. If the offering is not fully subscribed and the required capital is not raised, the Fund Manager shall take the actions set out in section (H): "Subscription" of these Terms and Conditions.

The Fund also intends to acquire, in the future, commercial, residential, industrial, office, warehouse, healthcare, educational, hospitality, or agricultural properties within the Kingdom of Saudi Arabia (excluding Makkah and Madinah), in accordance with the conditions set out in this paragraph.

The Fund Manager confirms that the target properties referred to in section (F), item (5) "Description of the Fund's Current Assets" are free from any regulatory violations that would prevent or restrict their use or operation. The Fund Manager further confirms that the properties are technically sound and free from any major structural or engineering defects that would prevent or hinder their use or operation or that would require substantial or costly repairs or modifications.

1) Investment Concentration Policy

Type of Investment	Minimum (%)#	Maximum (%)#
Developed real estate generating periodic rental income	75%	100%

Type of Investment	Minimum (%)#	Maximum (%)#
Real estate development	Not applicable	25%
Investments outside the Kingdom of Saudi Arabia	Not applicable	25%
Usufruct rights contracts	Not applicable	25%
Shariah-compliant listed real estate investment funds	Not applicable	20%
Shariah-compliant publicly offered closed-ended real estate investment funds	Not applicable	20%
Cash	Not applicable	10%
Shariah-compliant money market instruments (directly or indirectly via money market funds)##	Not applicable	10%
Real estate in Makkah or Madinah	The Fund shall not invest in either city	—

Notes:

The minimum and maximum limits are calculated based on the total value of the Fund's assets in accordance with the latest audited financial statements.

Direct investments shall be made in Saudi Riyals and in instruments issued by banks operating in the Kingdom of Saudi Arabia, whether by a single institution or multiple institutions. Such instruments include investments in murabaha transactions and trade finance agreements, which are subject to the supervision of the Saudi Central Bank and must carry a minimum investment-grade credit rating of (BBB) by Standard & Poor's, equivalent to BBB- by Fitch and Baa3 by Moody's. Indirect investments shall be made through units of publicly offered money market funds denominated in Saudi Riyals, licensed by the Capital Market Authority, whether managed by the Fund Manager or another fund manager, or both.

2) Financing Powers of the Fund and the Fund Manager's Policy for Exercising Such Powers

Any bank financing that the Fund Manager may obtain, following completion of the required procedures for financing the acquisition of real estate assets intended for inclusion in the Fund's portfolio, shall be structured in accordance with Shariah principles approved by the Shariah Committee and shall be subject to the approval of both the Fund's Board of Directors and the Shariah Committee.

The total financing of the Fund shall not exceed 50% of the total value of the Fund's assets, based on the latest audited financial statements. It is noted that the Fund's current financing level remains below this threshold, representing 8.3% of total asset value. The existing Shariah-compliant credit facilities with Arab National Bank are repayable in full at maturity, while the profit margin is payable annually.

On 12 May 2016, the Fund Manager, on behalf of Derayah Real Estate Holding Company, entered into a Shariah-compliant credit facility agreement with Arab National Bank to finance the acquisition of the property known as the Jubail Views Residential Complex (as detailed in section (F), item (5) "Description of the Fund's Current Assets"), for an amount of up to SAR 96,929,650, with a term of five years, renewable for an additional two years, commencing from the drawdown date of 13 June 2016.

The facility is repayable in full at maturity, while the profit margin is paid annually at a rate of 2.5% plus the Saudi Interbank Offered Rate (SAIBOR).

The Fund Manager expects to obtain additional Shariah-compliant credit facilities in the future for the acquisition of further real estate assets in the interest of unitholders, where such financing is deemed beneficial. Each property may be mortgaged or registered separately and independently from other Fund assets, where feasible.

The Fund's real estate assets may be registered or mortgaged in the name of a subsidiary of a licensed financing entity providing financing to the Fund, as security for such financing. The Fund Manager shall not utilize the Fund's assets to extend financing or credit facilities to third parties. The title deeds of the Fund's real estate assets shall be registered in the name of a subsidiary of the Fund's Custodian or the financing entity.

3) Methods and Means of Investing Available Cash in the Fund

The Fund Manager may retain liquidity in the form of available cash until it is deployed in targeted real estate assets or distributed to unitholders. The Fund Manager may also invest available cash temporarily in Murabaha transactions prior to distribution to investors or prior to the acquisition of any future property, as applicable.

Available cash may be invested directly in money market instruments issued by Saudi entities and subject to the supervision of the Saudi Central Bank, denominated in Saudi Riyals. The selection of issuers of such money market instruments shall be based on a minimum investment-grade credit rating of (BBB-) by Standard & Poor's, equivalent to BBB- by Fitch and Baa3 by Moody's.

Cash may also be invested indirectly through publicly offered Saudi Riyal-denominated Murabaha funds licensed by the Capital Market Authority, whether managed by the Fund Manager or another fund manager.

Excess liquidity may additionally be invested in other publicly offered Shariah-compliant real estate investment funds or general real estate investment funds licensed by the Capital Market Authority and compliant with Shariah principles. Exposure to any single fund or counterparty shall not exceed 10% of the Fund's total assets.

4) Overview of the Fund's Assets

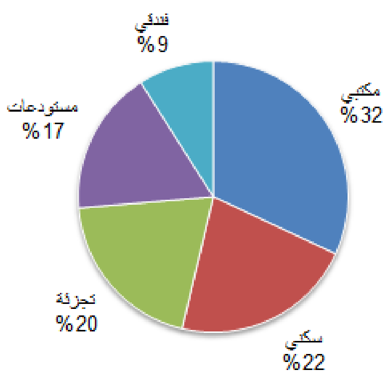
The Fund is classified as a multi-asset fund in terms of diversification across real estate sectors and the geographical distribution of its assets, thereby contributing to the diversification of rental income sources.

Geographical Distribution of the Fund's Assets in Saudi Arabia

The Fund's fifteen assets are primarily located in the cities of Riyadh and Dammam, followed by other cities including Jubail, Khobar, Jeddah, and Al-Ahsa. The Fund may also invest in other cities within the Kingdom in the future, excluding Makkah and Madinah.

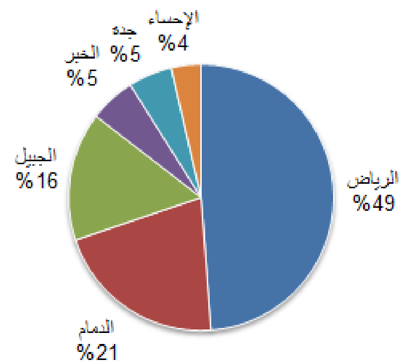
In terms of sector allocation, the portfolio is diversified between the office, residential, and retail sectors, followed by the warehousing and hospitality sectors. The Fund may also invest in these sectors or other real estate sectors in the future.

Sector Allocation of the Fund's Real Estate Assets (as a percentage of the Fund size)



مكتبي	Office	32%
سكني	Residential	22%
تجزئة	Retail	20%
مستودعات	Warehouses	17%
فندقي	Hospitality (Hotel)	9%

Geographical Distribution of the Fund's Assets (as a percentage of the Fund size)



الرياض	Riyadh	49%
الإحساء	Al-Ahsa	4%
جدة	Jeddah	5%
الخبر	Khobar	5%
الجبيل	Jubail	16%
الدمام	Dammam	21%

Summary of the Fund's Properties

No.	Property Name	City	Ownership Type	Development Status	Purchase Price (SAR)	Annual Rent (SAR)	Gross Return	Net Return
1	Smart Tower	Riyadh	Freehold	Developed	263,500,000	20,000,000	7.59%	6.49%
2	Jubail Views Residential Complex	Jubail	Freehold	Developed	145,500,000	13,617,000	9.36%	8.19%

No.	Property Name	City	Ownership Type	Development Status	Purchase Price (SAR)	Annual Rent (SAR)	Gross Return	Net Return
3	Port (Al-Mina) Warehouse Complex	Dammam	Freehold	Developed	130,000,000	10,400,000	8.00%	6.88%
4	City Life Plaza	Riyadh	Freehold	Developed	106,250,000	8,500,000	8.00%	6.87%
5	Motoon Towers	Riyadh	Freehold	Developed	98,000,000	6,737,450	6.87%	5.45%
6	Al-Fanar Commercial Complex	Khobar	Freehold	Developed	60,600,000	5,149,322	8.49%	6.52%
7	The Grand Residential Complex (A)	Dammam	Freehold	Developed	58,800,000	5,000,000	8.50%	7.34%
8	Al-Wadi District Warehouses	Jeddah	Freehold	Developed	58,000,000	4,640,000	8.00%	6.86%
9	Al-Sitteen Commercial Center	Riyadh	Freehold	Developed	52,125,000	3,462,250	6.64%	4.88%
10	The Valley Commercial Complex	Al-Ahsa	Usufruct	Developed	39,500,000	5,340,200	13.52%	7.63%
11	The Grand Commercial Complex (B)	Dammam	Freehold	Under Development	31,250,000	2,500,000	8.00%	6.83%
12	Labor Housing Buildings	Jubail	Freehold	Developed	24,273,685	2,289,000	9.43%	7.73%
13	City Walk Complex	Riyadh	Usufruct	Developed	10,504,994	3,400,000	*32.37%	30.25%
14	Labor Housing Buildings	Dammam	Freehold	Developed	5,087,559	569,500	11.19%	8.78%
15	Labor Housing Building	Khobar	Freehold	Developed	3,012,441	328,000	10.89%	8.79%

Note:

* Property No. 13 (City Walk Complex) is a usufruct asset. This usufruct right expires on 28/02/2021, and accordingly, the cash flows generated from this property represent the recovery of part of the invested capital in addition to profits until the expiry of the usufruct agreement, after which all rights in the property revert to the landowner. For further details, refer to section (F), item (5) "Description of the Fund's Current Assets," property No. 13.

Summary of Real Estate Assets

Description	Number / Value
Total number of properties and usufruct contracts intended for acquisition	15
Number of income-generating properties	14
Number of usufruct properties	2
Number of properties under development	1
Percentage of income-generating properties from total fund assets value	97.12%
Percentage of usufruct properties from total fund assets value	4.61%
Percentage of properties under development from total fund assets value	2.88%
Total value of fund assets	SAR 1,086,403,679
Total rental income for all fund assets over the past 12 months	SAR 59,010,122
Total projected rental income for all fund assets over 12 months#	SAR 91,932,722
Total built-up area according to building permits	235,443 m²
Overall occupancy rate of the fund	98%
Gross return of the fund##	8.99%
Net return of the fund###	7.22%

Notes:

The following properties were constructed in 2017 and therefore did not generate rental income during that year:

1. Port Warehouse Complex
2. City Life Plaza
3. The Grand Residential Complex (A)
4. The Valley Commercial Complex

In addition, The Grand Commercial Complex (B) remains under development and is expected to be completed in December 2017.

The gross return of the Fund is calculated as total rental income from all Fund assets divided by the Fund's capital.

The net return of the Fund is calculated as total rental income from all Fund assets after deducting all Fund expenses (including financing profit margin), divided by the Fund's capital.

5) Description of the Fund’s Current Assets (Ranked by Asset Size)

Asset 1: Smart Tower – Riyadh

General Information	
Location	Riyadh
Real Estate Sector	Office and retail
Ownership Type	Freehold ownership
Land Area	3,910 m^2
Total Built-up Area	28,414 m^2
Building Description	Eight-storey tower
Year of Completion	2007

Description:

The property comprises commercial office spaces from the first to the eighth floor, in addition to four retail showrooms on the ground floor.

Location:

The property is located in Al-Olaya district at the intersection of King Fahd Road and Prince Mohammed bin Abdulaziz Road.

Facilities:

The asset includes a two-level basement parking facility with capacity for approximately 186 vehicles.

Acquisition and Leasing Details	
Purchase Price	SAR 263,500,000
Average Valuation	SAR 264,028,327
Current Owner	Khalid bin Abdulaziz Al-Muqrin
Number of Tenants	One tenant, Khalid Abdulaziz Al-Muqrin and Sons Holding Company
Target Annual Rent	SAR 20,000,000
Gross Annual Return	7.59%
Net Annual Return	6.49%
Annual Rent (Last 3 Years)	• 2014: SAR 19,000,000 • 2015: SAR 19,000,000 • 2016: SAR 19,000,000
Current Occupancy Rate	100%
Lease Term	A binding ten-year lease commencing from the date of transfer of ownership for both parties
Property Management	Not applicable, as the property is subject to a master lease agreement
Additional Information	• Promissory notes covering the full ten-year lease period have been obtained from the tenant. • The lease may be renewed upon mutual written agreement upon expiry. • In the event of tenant default that is not remedied within the specified period, the lessor has the right to terminate the agreement.

Disclosure and Declaration	
Disclosure	No completion certificate has been issued for the property, and efforts are currently underway to obtain it. For further details, please refer to section (G) "Investment Risks in the Fund" under the subsection "Failure to Obtain Building Completion Certificates Risk".
Declaration	The Fund Manager confirms that there is no direct or indirect conflict of interest between: • The Fund Manager • Property managers associated with the Fund • Property owners related to the Fund • Tenants of properties generating 10% or more of the Fund’s annual rental income The Fund Manager further confirms that the property is free from any regulatory violations that could prevent or restrict its use or operation. It also confirms that the property is structurally sound and free from any major engineering or structural defects that could hinder its use or necessitate substantial or costly repairs or modifications.

Asset 2: Jubail Views Residential Complex

General Information	
Location	Jubail
Real Estate Sector	Residential
Ownership Type	Freehold ownership
Land Area	21,600 m^2
Total Built-up Area	26,643 m^2
Building Description	The complex comprises 40 villas and 64 apartments
Year of Completion	2014

Description:

- A private residential compound located in Jubail City, consisting of furnished villas and apartments, detailed as follows:
  - 40 villas with three bedrooms across two floors, each with a built-up area of 240 m^2
  - 16 apartments with three bedrooms across two floors, each with a built-up area of 235 m^2
  - 16 apartments with two bedrooms on a single floor, each with a built-up area of 84 m^2
  - 16 apartments with two bedrooms on a single floor, each with a built-up area of 75 m^2
  - 8 apartments with two bedrooms on a single floor, each with a built-up area of 80 m^2
  - 8 apartments with two bedrooms on a single floor, each with a built-up area of 77 m^2

Location:

The property is situated in the Rawdat Al-Khalidiya district of Jubail. The industrial area lies to the north. Within the surrounding neighborhood, it is bordered by an adjacent property to the north and south, a 30-meter-wide road to the east, and another adjacent property to the west.

Facilities:

The development includes two swimming pools, landscaped gardens, a recreational building, gym, library, sports courts, administrative building, restaurant, supermarket, medical clinic, desalinated water treatment station, backup power generator, and a central telephone and television system.

Acquisition and Leasing Details	
Purchase Price	SAR 145,500,000

Average Valuation	SAR 152,801,421
Current Owner	Derayah Real Estate Holding Company
Number of Tenants	One tenant, Thara Real Estate Investment Company
Target Annual Rent	SAR 13,617,000
Gross Annual Return	9.36%
Net Annual Return	8.19%
Annual Rent (Last 3 Years)	• 2014: Not applicable, as the property was completed at the end of 2014 • 2015: SAR 15,120,000 • 2016: SAR 13,617,000
Current Occupancy Rate	100%
Lease Term	From 1 May 2016 to 30 April 2019, binding on both parties
Property Management	Not applicable, as the property is subject to a master lease agreement
Additional Information	• Promissory notes issued by the tenant cover the lease period until 30 April 2019. These notes are of a revolving nature, whereby upon payment of the annual rent, the tenant retrieves the previously issued promissory note and issues a new one for the following year. • The lease may be renewed upon mutual written agreement after expiry. • In the event of tenant breach that is not remedied within the specified period, the lessor has the right to terminate the agreement.

Disclosure and Declaration	
Disclosure	• The property forms part of the Derayah Income Real Estate Fund, which is a closed-ended private real estate investment fund managed by the Fund Manager and which commenced operations on 24/07/1437 A.H. (01/05/2016 A.C.). • No completion certificate has been issued for the property, and efforts are currently underway to obtain it. For further details, please refer to section (G) "Investment Risks in the Fund" under the subsection "Failure to Obtain Building Completion Certificates Risk".
Declaration	The Fund Manager acknowledges the existence of direct and indirect conflicts of interest between the following parties: • Fund Manager: A direct conflict of interest exists, as the property is currently owned by the Derayah Income Real Estate Fund (a private fund) managed by the same Fund Manager. • Property Owner: A direct conflict of interest exists, as Mohammed bin Saeed Al-Shamasi, Chairman of the Board of Derayah Income Real Estate Fund and Chairman of the Board of Derayah REIT, owns 0.26% of the Derayah Income Real Estate Fund. • Board of Directors: A direct conflict of interest exists, as Mohammed bin Saeed Al-Shamasi serves as Chairman of both Derayah Income Real Estate Fund and Derayah REIT. In addition, Abdulwahab bin Saeed Al-Sayyed is an independent member of the Board of Derayah Income Real Estate Fund and a non-independent member of the Board of Derayah REIT. The Fund Manager further confirms that no direct or indirect conflict of interest exists between:

	• Property managers associated with the Fund • Tenants of properties generating 10% or more of the Fund's annual rental income The Fund Manager further confirms that the property is free from any regulatory violations that could prevent or restrict its use or operation. It also confirms that the property is structurally sound and free from any major engineering or structural defects that could hinder its use or necessitate substantial or costly repairs or modifications.

Asset 3: Port Warehouse Complex – Dammam

General Information	
Location	Dammam
Real Estate Sector	Warehouses
Ownership Type	Freehold
Land Area	Block 21: 28,598 m^2 Block 17: 12,084 m^2 Block 33: 6,000 m^2 Total: 46,682 m^2
Total Built-up Area	Block 21: 27,773 m^2 Block 17: 11,121 m^2 Block 33: 5,652 m^2 Total: 44,547 m^2
Building Description	Warehouse facilities constructed across three adjacent plots of land
Year of Completion	2017

Description:

The property comprises warehouse facilities together with their associated annexes, including mezzanine floors accommodating administrative offices and service areas, constructed on three adjacent land parcels. Each parcel includes dedicated parking areas and electrical service rooms.

Location:

The property is located in the Al-Mina District of Dammam. It is bounded by King Abdulaziz City to the north, Al-Nahda District to the south, Al-Safa District to the east, and the First Industrial District to the west. The property is situated near the intersection of King Fahd Road and Prince Saud Al-Faisal Road.

Facilities:

The property is equipped with fire detection and firefighting systems, in addition to CCTV surveillance systems.

Acquisition and Leasing Details	
Purchase Price	SAR 130,000,000
Average Valuation	SAR 129,001,536
Current Owner	Abdullah bin Saeed bin Abdullah Al-Sayyid, Abdulaziz bin Saeed bin Abdullah Al-Sayyid, Mohammed bin Saeed bin Abdullah Al-Sayyid, Ahmed bin Saeed bin Abdullah Al-Sayyid, Abdulrahman bin Saeed bin Abdullah Al-Sayyid, Abdulwahab bin Saeed bin Abdullah Al-Sayyid, Khalid bin Saeed bin Abdullah Al-Sayyid, Muneerah bint Saeed bin Abdullah Al-Sayyid, Haya bint Saeed bin Abdullah Al-Sayyid, Asma bint Saeed bin Abdullah Al-Sayyid, and Nora bint Jibraan bin Hizam Al-Qahtani.
Number of Tenants	One tenant: Motoon Real Estate Company
Target Annual Rent	SAR 10,400,000
Gross Annual Return	8.00%
Net Annual Return	6.88%
Annual Rent (Last 3 Years)	Not applicable, as the property is newly completed
Current Occupancy Rate	100%
Lease Term	Five-year binding lease commencing on the date of transfer of ownership and binding on both parties

Property Management	Not applicable, as the property is subject to a master lease agreement
Additional Information	If the tenant fails to pay rent after receiving written notice and does not remedy the default within 15 days from the date of notification, the landlord shall be entitled to terminate the lease agreement.

Disclosure and Declaration	
Disclosure	The principal tenant of the property is Motoon Real Estate Company, in which Abdulwahab bin Saeed Al-Sayyed owns a 22% equity interest and serves as Vice Chairman of the Board of Directors. He also owns a 3.2% stake in Derayah Financial Company and serves as a non-independent member of the Fund's Board of Directors. No completion certificate has been issued for the property, and efforts are currently underway to obtain it. For further details, please refer to section (G) "Investment Risks in the Fund" under the subsection "Failure to Obtain Building Completion Certificates Risk".
Declaration	The Fund Manager confirms the existence of direct or indirect conflicts of interest among the following parties: • Fund Manager: A direct conflict of interest exists because Abdulwahab bin Saeed Al-Sayyed owns a 3.2% equity interest in the Fund Manager and also serves as a non-independent member of the Fund's Board of Directors. • Property Owner: A direct conflict of interest exists because Abdulwahab bin Saeed Al-Sayyed owns a 10.7% interest in the property, serves as a non-independent member of the Fund's Board of Directors, and holds a 3.2% equity interest in the Fund Manager. • Property Tenant: A direct conflict of interest exists because Abdulwahab bin Saeed Al-Sayyed owns a 22% equity interest in the tenant, Motoon Real Estate Company, and a 1.98% interest in the Fund, while also serving as a non-independent member of the Fund's Board of Directors. In addition, Motoon Real Estate Company holds a 5.63% interest in the Fund. The Fund Manager further confirms that the property is free from any regulatory violations that could prevent or restrict its use or operation. It also confirms that the property is structurally sound and free from any major engineering or structural defects that could hinder its use or necessitate substantial or costly repairs or modifications.

Asset 4: City Life Plaza Commercial Complex

General Information	
Location	Riyadh
Real Estate Sector	Retail
Ownership Type	Freehold ownership
Land Area	13,355 m²
Total Built-up Area	8,350 m²
Building Description	28 retail shops, a hypermarket, and a standalone restaurant
Year of Completion	2017

Description:

A shopping center located in the northern part of Riyadh, within the Al-Munisiyah district. The development comprises commercial units on the ground floor with a mezzanine level, in addition to restaurant spaces of varying sizes. It also includes a hypermarket and a standalone restaurant. The property provides parking capacity for up to 172 vehicles.

Location:

The property is situated in the Al-Munisiyah district of Riyadh. It is bordered to the north by Al-Thumama Road, to the south by the Granada district, to the east by the Al-Rimal district, and to the west by the Qurtuba district. It is located on Dammam Road.

Facilities:

The complex is equipped with fire alarm and firefighting systems, in addition to CCTV surveillance systems.

Acquisition and Leasing Details	
Purchase Price	SAR 106,250,000
Average Valuation	SAR 109,677,419

Current Owner	Abdullah bin Saeed bin Abdullah Al-Sayyid, Abdulaziz bin Saeed bin Abdullah Al-Sayyid, Mohammed bin Saeed bin Abdullah Al-Sayyid, Ahmed bin Saeed bin Abdullah Al-Sayyid, Abdulrahman bin Saeed bin Abdullah Al-Sayyid, Abdulwahab bin Saeed bin Abdullah Al-Sayyid, Khalid bin Saeed bin Abdullah Al-Sayyid, Muneerah bint Saeed bin Abdullah Al-Sayyid, Haya bint Saeed bin Abdullah Al-Sayyid, Asma bint Saeed bin Abdullah Al-Sayyid, and Nora bint Jibraan bin Hizam Al-Qahtani.
Number of Tenants	One tenant, Motoon Real Estate Company
Target Annual Rent	SAR 8,500,000
Gross Annual Return	8.00%
Net Annual Return	6.87%
Annual Rent (Last 3 Years)	Not applicable, as the property is newly developed
Current Occupancy Rate	100%
Lease Term	A binding five-year lease commencing from the date of transfer of ownership for both parties
Property Management	Not applicable, as the property is subject to a master lease agreement
Additional Information	In the event that the tenant delays rent payment after written notification and fails to settle within 15 days from the date of notice, the landlord is entitled to terminate the lease agreement.

Disclosure and Declaration	
Disclosure	The master tenant of the property is Motoon Real Estate Company, in which Abdulwahab bin Saeed Al-Sayed holds a 22% ownership interest. He also serves as Vice Chairman of the Board of Directors of Motoon Real Estate Company. In addition, he holds a 3.2% ownership stake in Derayah Financial Company. Abdulwahab bin Saeed Al-Sayed is a non-independent member of the Fund's Board of Directors. No completion certificate has been issued for the property, and efforts are currently underway to obtain it. For further details, please refer to section (G) "Investment Risks in the Fund" under the subsection "Failure to Obtain Building Completion Certificates Risk".
Declaration	The Fund Manager acknowledges the existence of direct and indirect conflicts of interest between the following parties: • Fund Manager: The Fund Manager acknowledges a direct conflict of interest, as Abdulwahab bin Saeed Al-Sayed holds a 3.2% ownership interest in the Fund Manager and also serves as a non-independent member of the Fund's Board of Directors. • Property Owner: A direct conflict exists, as Abdulwahab bin Saeed Al-Sayed holds a 10.7% ownership interest in the property, is a non-independent member of the Fund's Board of Directors, and holds a 3.2% ownership interest in the Fund Manager. • Property Tenant: A direct conflict exists, as Abdulwahab bin Saeed Al-Sayed holds a 22% ownership interest in the tenant (Motoon Real Estate Company) and a 1.98% ownership interest in the Fund, and is a non-independent member of the Fund's Board of Directors. In addition, the tenant holds a 5.63% ownership interest in the Fund. The Fund Manager further confirms that the property is free from any regulatory violations that could prevent or restrict its use or operation. It also confirms that the property is structurally sound and free

	from any major engineering or structural defects that could hinder its use or necessitate substantial or costly repairs or modifications.

Asset 5: Motoon Towers

General Information	
Location	Riyadh
Real Estate Sector	Retail and hospitality
Ownership Type	Freehold real estate ownership
Land Area	1,950 m²
Total Built-up Area	11,579 m²
Building Description	Four retail showrooms on the ground floor and hotel rooms distributed across seven recurring floors
Year of Completion	2010

Description:

A four-star hotel development comprising seven floors, in addition to four retail showrooms located on the ground floor. The hotel includes multiple basement levels designated for parking, with a total capacity of 110 vehicles. The project is situated adjacent to Al-Faisaliah Tower.

Location:

The property is located in Al-Olaya District and is bordered to the north by Al-Worood District, to the south by the Ministries District, to the east by Al-Sulaymaniyah District, and to the west by Al-Ma'athar Al-Shamali District. It is positioned on Olaya Street at its intersection with Prince Sultan bin Abdulaziz Road.

Facilities:

Facilities include four elevators, an air-conditioning system, a CCTV surveillance system, and security services.

Acquisition and Leasing Details	
Purchase Price	98,000,000 SAR
Average Valuation	100,857,148 SAR
Current Owner	Mohammed bin Saeed bin Abdullah Al-Sayed, Ahmed bin Saeed bin Abdullah Al-Sayed, Abdulrahman bin Saeed bin Abdullah Al-Sayed, Abdulwahab bin Saeed bin Abdullah Al-Sayed, Khalid bin Saeed bin Abdullah Al-Sayed, Munira bint Saeed bin Abdullah Al-Sayed, Hayaa bint Saeed bin Abdullah Al-Sayed, Asma bint Saeed bin Abdullah Al-Sayed, and Nora bint Jabr bin Hizam Al-Qahtani
Number of Tenants	One tenant for the hotel portion and two tenants for the retail showrooms
Target Annual Rent	6,737,450 SAR
Gross Annual Return	6.87%
Net Annual Return	5.45%
Annual Rent (Last 3 Years)	• 2014: 1,737,450 SAR • 2015: 1,737,450 SAR • 2016: 6,737,450 SAR
Current Occupancy Rate	96%
Lease Term	• Tenant: National Jewelry Company — from 1 Muharram 1437 A.H. to 30 Dhu al-Hijjah 1441 A.H., with an annual lease value of 891,000 SAR. • Tenant: High Energy Investment Company — from 1 Rajab 1436 A.H. to 30 Jumada Al-Akhirah 1439 A.H., with an annual lease value of 846,450 SAR. • Tenant: Al-Amaliyah Hotels Company — from 1 June 2016 to 31 December 2035, with an annual lease value of 5,000,000 SAR, increasing by 5% every three years.
Property Management	Motoon Real Estate Company
Additional Information	If the tenant delays payment of rent after being notified in writing and fails to settle within fifteen (15) days from the date of notice, the landlord shall be entitled to terminate the lease agreement.

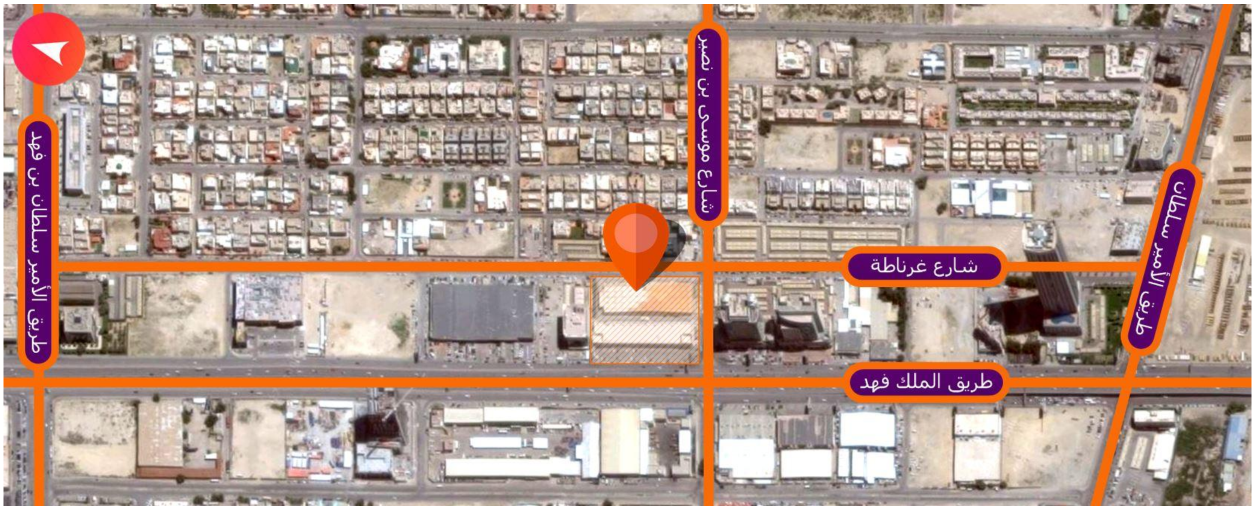
Disclosure and Declaration	
Disclosure	• Property asset management is conducted by Motoon Real Estate Company, in which Abdulwahab bin Saeed Al-Sayed holds a 22% ownership interest. He also serves as Vice Chairman of the Board of Directors of Motoon Real Estate Company. In addition, he holds a 3.2% ownership interest in Derayah Financial Company. Abdulwahab bin Saeed Al-Sayed is a non-independent member of the Fund's Board of Directors. • A building completion certificate has been issued for the property.
Declaration	The Fund Manager acknowledges the existence of direct and indirect conflicts of interest between the following parties:

- Fund Manager: A direct conflict of interest exists, as Abdulwahab bin Saeed Al-Sayed holds a 3.2% ownership interest in the Fund Manager and also serves as a non-independent member of the Fund's Board of Directors.
- Property Owner: A direct conflict exists, as Abdulwahab bin Saeed Al-Sayed holds a 13.7% ownership interest in the property, is a non-independent member of the Fund's Board of Directors, and holds a 3.2% ownership interest in the Fund Manager.
- Property Management: A direct conflict exists, as Abdulwahab bin Saeed Al-Sayed holds a 22% ownership interest in the property manager (Motoon Real Estate Company) and a 1.98% ownership interest in the Fund, and is a non-independent member of the Fund's Board of Directors. In addition, the property manager holds a 5.63% ownership interest in the Fund.

The Fund Manager confirms that there are no conflicts of interest with any tenant of the property.

The Fund Manager further confirms that the property is free from any regulatory violations that may prevent or could result in the inability to use or operate the property. It also confirms the technical soundness of the property and that it is free from any major structural or engineering defects that may prevent or could result in the inability to use or operate the building, or that may result in major or costly repairs or modifications.

Asset 6: Al-Fanar Commercial Complex



General Information	
Location	Al-Khobar
Real Estate Sector	Showrooms and warehouses
Ownership Type	Freehold real estate ownership
Land Area	14,025 m^2
Total Built-up Area	12,395 m^2
Building Description	12 commercial showrooms and 6 warehouses
Year of Completion	2000

Description:

The property comprises commercial showrooms fronting King Fahd Road, with warehouses located at the rear portion of the site.

Location:

The property is situated in Al-Khobar, within Al-Rakah District. It is bordered to the north by Al-Rakah District, to the south by Al-Rawabi District, to the east by Al-Corniche District, and to the west by Al-Qurtubah District. It is located on King Fahd Road at its intersection with Musa bin Nusayr Street.

Facilities:

The facilities include parking spaces in front of the building, concealed split air-conditioning systems, and finishes comprising marble and porcelain flooring.

Acquisition and Leasing Details	
Purchase Price	60,600,000 SAR
Average Valuation	64,588,190 SAR

<table>
<tr><td>Current Owner</td><td>Abdul Latif and Mohammed Al-Fozan Company</td></tr>
<tr><td>Number of Tenants</td><td>Five warehouse tenants, nine showroom tenants, and two advertising board tenants</td></tr>
<tr><td>Target Annual Rent</td><td>5,149,322 SAR</td></tr>
<tr><td>Gross Annual Return</td><td>8.49%</td></tr>
<tr><td>Net Annual Return</td><td>6.52%</td></tr>
<tr><td>Annual Rent (Last 3 Years)</td><td>• 2014: 5,245,130 SAR
• 2015: 4,854,420 SAR
• 2016: 5,085,100 SAR</td></tr>
<tr><td>Current Occupancy Rate</td><td>100%</td></tr>
<tr><td>Lease Term</td><td>
<table>
<tr><th>Tenant</th><th>Unit Type</th><th>Leased Area (m²)</th><th>Lease Commencement</th><th>Lease Expiry</th><th>Annual Rent (SAR)</th></tr>
<tr><td>01</td><td>Warehouse</td><td>2,136</td><td>25/05/2017</td><td>24/05/2018</td><td>463,500</td></tr>
<tr><td>02</td><td>Warehouse</td><td>712</td><td>01/01/2017</td><td>31/12/2017#</td><td>142,400</td></tr>
<tr><td>03</td><td>Warehouse</td><td>712</td><td>01/01/2017</td><td>31/12/2019</td><td>169,000</td></tr>
<tr><td>04</td><td>Warehouse</td><td>712</td><td>01/06/2016</td><td>31/05/2021</td><td>146,672</td></tr>
<tr><td>05</td><td>Warehouse</td><td>178</td><td>01/01/2017</td><td>31/12/2017#</td><td>35,000</td></tr>
<tr><td>01</td><td>Showroom</td><td>1,000</td><td>15/05/2017</td><td>14/05/2018</td><td>669,500</td></tr>
<tr><td>05</td><td>Showroom</td><td>500</td><td>17/06/2017</td><td>16/01/2020</td><td>360,500</td></tr>
<tr><td>07</td><td>Showroom</td><td>1,000</td><td>17/04/2017</td><td>31/12/2021</td><td>630,000</td></tr>
<tr><td>04</td><td>Showroom</td><td>500</td><td>01/06/2016</td><td>31/05/2021</td><td>334,750</td></tr>
<tr><td>08</td><td>Showroom</td><td>500</td><td>09/10/2015</td><td>08/10/2018</td><td>325,000</td></tr>
<tr><td>02</td><td>Showroom</td><td>500</td><td>01/01/2017</td><td>31/12/2017#</td><td>325,000</td></tr>
<tr><td>03</td><td>Showroom</td><td>1,000</td><td>15/07/2016</td><td>14/07/2019</td><td>669,500</td></tr>
<tr><td>09</td><td>Showroom</td><td>500</td><td>01/09/2017</td><td>31/12/2018</td><td>386,250</td></tr>
<tr><td>10</td><td>Showroom</td><td>500</td><td>01/04/2015</td><td>31/12/2017#</td><td>300,000</td></tr>
<tr><td>05</td><td>Advertising Boards</td><td>—</td><td>01/03/2018</td><td>31/12/2018</td><td>82,250</td></tr>
<tr><td>03</td><td>Advertising Boards</td><td>—</td><td>01/08/2017</td><td>31/07/2018</td><td>110,000</td></tr>
</table>
Note (#): These lease agreements are automatically renewed for a similar term, or for such period as may be agreed with the tenant, unless the tenant submits written
</td></tr>
</table>

	notice of non-renewal at least two months before the expiry date. In such event, the tenant shall vacate and surrender the leased premises upon expiration of the lease in accordance with the terms of the agreement. The Fund Manager confirms that, as of 1 November 2017, no tenant had submitted a written notice of termination.
Property Management	Tadbeir Real Estate Company
Additional Information	• The landlord is entitled to terminate the lease agreement if the tenant defaults on its rental payment obligations after receiving formal written notice. • Lease agreements are automatically renewed for an equivalent term unless the tenant provides written notice of its intention not to renew at least two months prior to the lease expiry date. • The Fund Manager estimates that the property's operating expenses—including cleaning, maintenance, security, and landscaping—will amount to SAR 300,000 during the first year. These expenses will be paid by the Fund to third-party service providers. • In addition to the operating expenses described above, the Fund shall pay property management fees to the property manager in accordance with the applicable management agreement.

Disclosure and Declaration	
Disclosure	No completion certificate has been issued for the property, and efforts are currently underway to obtain it. For further details, please refer to section (G) "Investment Risks in the Fund" under the subsection "Failure to Obtain Building Completion Certificates Risk".
Declaration	The Fund Manager confirms the existence of direct or indirect conflicts of interest among the following parties: • Property Owner: A direct conflict of interest exists because the current owner of the property holds a 4.74% interest in Derayah REIT. • Property Manager: An indirect conflict of interest exists because the owner of the property manager, Retal Urban Development Company, holds a 2.66% direct interest in the Fund and an indirect 5.03% interest through its full ownership of Nesaj Urban Development Company. The Fund Manager further confirms that no direct or indirect conflicts of interest exist between the following parties: • The Fund Manager. • The tenant(s) of properties whose rental income represents 10% or more of the Fund's annual rental income. The Fund Manager also confirms that the property is free from any regulatory violations that could prevent or impair its use or operation. In addition, the Fund Manager confirms that the property is technically sound and free from any material structural or engineering defects that could prevent or impair its use or operation or require significant or costly repairs or modifications.

Asset 7: The Grand Residential Complex (A)

General Information	
Location	Dammam
Real Estate Sector	Residential
Ownership Type	Freehold real estate ownership
Land Area	5,563 square meters
Total Built-up Area	31,536 square meters
Building Description	12 floors comprising residential units of varying sizes and designs, in addition to a recreational floor
Year of Completion	2017

Description:

A fully integrated residential complex. The main façade is finished with cladding and glass, while the remaining façades are painted. The complex comprises 64 apartments with the following specifications:

- 18 three-bedroom apartments, each with an area of 212 square meters, distributed at a rate of two apartments per floor from the 1st to the 9th floor.
- 18 three-bedroom apartments, each with an area of 186 square meters, distributed at a rate of two apartments per floor from the 1st to the 9th floor.
- 18 two-bedroom apartments, each with an area of 137 square meters, distributed at a rate of two apartments per floor from the 1st to the 9th floor.
- 2 two-bedroom apartments, each with an area of 96 square meters, located on the 10th floor.
- 2 two-bedroom apartments, each with an area of 110 square meters, located on the 10th floor.
- 2 penthouse-style three-bedroom apartments (spanning the 10th and 11th floors), each with an area of 277 square meters.
- 2 penthouse-style three-bedroom apartments (spanning the 10th and 11th floors), each with an area of 286 square meters.
- 2 penthouse-style three-bedroom apartments (spanning the 10th and 11th floors), each with an area of 315 square meters.
- The 12th floor comprises a health club, gym, multipurpose hall, children's swimming pool, and an open hall.

Location:

The property is located in Dammam, within the Al-Anwar District. It is bordered to the north by King Fahd Road toward Dammam International Airport, to the south by Al-Anwar District, to the east by Al-Manar District, and to the west by Al-Sharq District.

Facilities:

The complex includes a health club (sauna and jacuzzi), strength training gym, children's pool, children's playroom, multipurpose hall, open hall, central air-conditioning systems, and parking allocated to each residential unit. It also includes three years of free maintenance and complimentary transportation to shopping centers.

Acquisition and Leasing Details	
Purchase Price	SAR 58,800,000
Average Valuation	SAR 64,516,129
Current Owner	Nesaj Urban Development Company
Number of Tenants	One tenant: Tadbeir Real Estate Company
Target Annual Rent	SAR 5,000,000
Gross Annual Return	8.50%
Net Annual Return	7.34%
Annual Rent (Last 3 Years)	Not applicable, as the property is newly completed.
Current Occupancy Rate	100%
Lease Term	Five-year lease commencing on 1 November 2017, binding on both landlord and tenant.
Property Management	Not applicable, as the property is subject to a master lease agreement.
Additional Information	The lease shall automatically renew for successive one-year terms upon expiry unless either party provides the other with prior written notice of its intention not to renew. If the tenant fails to pay the rent within 90 days of the due date, the landlord shall have the right to suspend services to the buildings forming part of the property and may terminate the lease agreement.

Disclosure and Declaration	
Disclosure	No completion certificate has been issued for the property, and efforts are currently underway to obtain it. For further details, please refer to section (G) "Investment Risks in the Fund" under the subsection "Failure to Obtain Building Completion Certificates Risk".
Declaration	The Fund Manager confirms the existence of the following direct or indirect conflicts of interest: • Property Owner: A direct conflict of interest exists because the current owner of the property holds a 5.28% interest in the Fund. • Property Tenant: An indirect conflict of interest exists because the owner of the property tenant, Retal Urban Development Company, holds a direct 2.66% interest in the Fund and an indirect 5.03% interest through its wholly owned subsidiary, Nesaj Urban Development Company. The Fund Manager further confirms that no direct or indirect conflict of interest exists with respect to: • The Fund Manager. The Fund Manager further confirms that the property is free from any regulatory violations that may prevent or could result in the inability to use or operate the property. It also confirms the technical soundness of the property and that it is free from any major structural or engineering defects that may prevent or could result in the inability to use or operate the building, or that may result in major or costly repairs or modifications.

Asset 8: Al-Wadi Warehouses – Jeddah

General Information	
Location	Jeddah
Real Estate Sector	Warehouses and Residential
Ownership Type	Freehold real estate ownership
Land Area	32,462 m^2
Total Built-up Area	• Warehouses: 23,310 m^2 • Residential: 1,077 m^2 • Other: 957 m^2 • Total area: 25,345 m^2
Building Description	Warehouses comprising ground floor and first floor
Year of Completion	2013

Description:

The property consists of a warehouse and a residential building situated on three streets, with a block-style building façade.

Location:

The property is located in Al-Wadi district and is bordered to the north by Al-Surawat district, to the south by Al-Mulaisa, and to the west by the coast.

Facilities:

A safety system is in place.

Acquisition and Leasing Details	
Purchase Price	SAR 58,000,000
Average Valuation	SAR 57,554,531
Current Owner	Motoon Real Estate Company
Number of Tenants	One tenant, Motoon Real Estate Company
Target Annual Rent	SAR 4,640,000
Gross Annual Return	8.00%
Net Annual Return	6.86%
Annual Rent (Last 3 Years)	• 2014: SAR 3,740,000 • 2015: SAR 3,740,000 • 2016: SAR 3,740,000
Current Occupancy Rate	100%
Lease Term	Five years from the date of transfer of ownership, binding on both parties
Property Management	Not applicable, as the property is leased under a master lease agreement
Additional Information	If the tenant delays payment after written notification and fails to settle within 15 days from the notification date, the lessor has the right to terminate the lease agreement.

Disclosure and Declaration	
Disclosure	• The master tenant of the property is Motoon Real Estate Company, in which Abdulwahab bin Saeed Al-Sayed holds a 22% stake. He also serves as Vice Chairman of Motoon Real Estate Company. He further holds a 3.2% stake in Derayah Financial Company. Abdulwahab bin Saeed Al-Sayed is a non-independent member of the Fund's Board of Directors. • No completion certificate has been issued for the property, and efforts are currently underway to obtain it. For further details, please refer to section (G) "Investment Risks in the Fund" under the subsection "Failure to Obtain Building Completion Certificates Risk".
Declaration	The Fund Manager acknowledges the existence of conflicts of interest between the following parties, whether directly or indirectly: • Fund Manager: The Fund Manager acknowledges a direct conflict of interest, as Abdulwahab bin Saeed Al-Sayed holds a 3.2% stake in the Fund Manager and also serves as a non-independent member of the Fund's Board of Directors. • Property Owner: A direct conflict exists, as Abdulwahab bin Saeed Al-Sayed holds a 22% stake in the current property owner, is a non-independent member of the Fund's Board of Directors, and holds a 3.2% stake in the Fund Manager. • Property Tenant: A direct conflict exists, as Abdulwahab bin Saeed Al-Sayed holds a 22% stake in the tenant (Motoon Real Estate Company) and a 1.98% stake in the Fund, in addition to being

	a non-independent member of the Fund's Board of Directors. Furthermore, the tenant holds a 5.63% stake in the Fund. The Fund Manager further confirms that the property is free from any regulatory violations that may prevent or could result in the inability to use or operate the property. It also confirms the technical soundness of the property and that it is free from any major structural or engineering defects that may prevent or could result in the inability to use or operate the building, or that may result in major or costly repairs or modifications.

Asset 9: Al-Sitteen Commercial Center

General Information	
Location	Riyadh
Real Estate Sector	Office and commercial
Ownership Type	Freehold real estate ownership
Land Area	1,800 m^2
Total Built-up Area	9,310 m^2
Building Description	The center comprises 7 floors, 26 offices, and a main showroom
Year of Completion	1985, currently undergoing renovation in 2017

Description:

A commercial–office center located in central Riyadh on Salah Al-Din Al-Ayyubi Street, adjacent to various facilities and government hospitals. The property consists of six office floors, a ground floor allocated for commercial use, and a parking level with capacity for 36 vehicles.

Location:

The property is situated in Al-Dubbat district, Riyadh, bordered to the north by Al-Sulaymaniyah, to the south by Al-Murabba, to the east by Al-Rubaa, and to the west by Al-Wizaraat. It is located on Salah Al-Din Al-Ayyubi Road.

Facilities:

The building is equipped with two elevators, an air-conditioning system, CCTV surveillance, and security services.

Acquisition and Leasing Details	
Purchase Price	SAR 52,125,000
Average Valuation	SAR 53,806,451
Current Owner	Motoon Real Estate Company

<table>
<tr><td>Number of Tenants</td><td>20</td></tr>
<tr><td>Target Annual Rent</td><td>SAR 3,462,250</td></tr>
<tr><td>Gross Annual Return</td><td>6.64%</td></tr>
<tr><td>Net Annual Return</td><td>4.88%</td></tr>
<tr><td>Annual Rent (Last 3 Years)</td><td>• 2014: SAR 3,780,279
• 2015: SAR 4,426,682
• 2016: SAR 4,300,812</td></tr>
<tr><td>Current Occupancy Rate</td><td>80%</td></tr>
<tr><td>Lease Term</td><td>
<table>
<tr><th>Tenant ID</th><th>Unit Type</th><th>Leased Area (m^2)</th><th>Lease Start</th><th>Lease End</th><th>Annual Rent (SAR)</th></tr>
<tr><td>01</td><td>Showroom</td><td>1,188</td><td>01/06/1434 A.H.</td><td>30/05/1449 A.H.</td><td>1,097,250</td></tr>
<tr><td>02</td><td>Offices</td><td>188</td><td>01/07/1430 A.H.</td><td>30/06/1431 A.H.</td><td>160,400</td></tr>
<tr><td>03</td><td>Offices</td><td>94</td><td>20/03/1438 A.H.</td><td>19/03/1439 A.H.</td><td>104,500</td></tr>
<tr><td>04</td><td>Offices</td><td>102</td><td>01/02/1436 A.H.</td><td>30/01/1437 A.H.</td><td>132,000</td></tr>
<tr><td>04</td><td>Offices</td><td>102</td><td>07/04/1435 A.H.</td><td>06/04/1438 A.H.</td><td>126,500</td></tr>
<tr><td>05</td><td>Offices</td><td>102</td><td>01/02/1436 A.H.</td><td>30/01/1438 A.H.</td><td>132,000</td></tr>
<tr><td>06</td><td>Offices</td><td>94</td><td>22/06/1438 A.H.</td><td>21/06/1439 A.H.</td><td>94,500</td></tr>
<tr><td>07</td><td>Offices</td><td>94</td><td>22/08/1434 A.H.</td><td>21/08/1435 A.H.</td><td>126,000</td></tr>
<tr><td>08</td><td>Offices</td><td>106</td><td>20/09/1438 A.H.</td><td>19/09/1439 A.H.</td><td>93,500</td></tr>
<tr><td>09</td><td>Offices</td><td>91</td><td>01/08/1432 A.H.</td><td>30/07/1433 A.H.</td><td>80,500</td></tr>
<tr><td>10</td><td>Offices</td><td>91</td><td>10/08/1433 A.H.</td><td>09/08/1434 A.H.</td><td>100,500</td></tr>
<tr><td>11</td><td>Offices</td><td>91</td><td>01/12/1435 A.H.</td><td>30/11/1436 A.H.</td><td>88,200</td></tr>
<tr><td>12</td><td>Offices</td><td>182</td><td>12/05/1432 A.H.</td><td>11/05/1433 A.H.</td><td>160,000</td></tr>
<tr><td>13</td><td>Offices</td><td>306</td><td>12/05/1433 A.H.</td><td>11/05/1434 A.H.</td><td>240,000</td></tr>
</table>
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<tr><td rowspan="7"></td><td>

14	Offices	91	01/07/1437 A.H.	30/06/1438 A.H.	105,000
15	Offices	91	15/12/1431 A.H.	14/12/1432 A.H.	80,300
16	Offices	93	15/06/1432 A.H.	14/06/1433 A.H.	80,300
17	Offices	185	01/05/1431 A.H.	30/04/1432 A.H.	160,500
18	Offices	106	20/06/1438 A.H.	19/06/1439 A.H.	110,000
19	Offices	91	10/06/1438 A.H.	09/06/1439 A.H.	120,300
20	Rooftop	45	20/01/2017	19/01/2027	70,000

</td></tr>
</table>

Property Management	Motoon Real Estate Company
Additional Information	• The property is currently undergoing renovation and improvement works, expected to be completed by 30 November 2017. Motoon Real Estate Company is responsible for completing these works at its own expense in accordance with the agreed specifications, and the Fund will not bear any development costs. • The total cost of improvements amounts to SAR 4,100,000, including: external façades, internal signage, elevators, cladding, interior renovation, air conditioning, fire systems, and building insulation. • Expected operating expenses (cleaning, maintenance, security, and landscaping) are estimated at SAR 181,000 for the first year, to be paid by the Fund to third parties. • The Fund pays property management fees to the property manager in addition to the operating expenses. • All rents mentioned above have been automatically renewed and will continue to renew unless either party provides prior written notice of non-renewal.

Disclosure and Declaration	
Disclosure	• The property manager is Motoon Real Estate Company, in which Abdulwahab bin Saeed Al-Sayed holds a 22% ownership stake and serves as Vice Chairman of Motoon Real Estate Company. He also holds a 3.2% stake in Derayah Financial Company. Abdulwahab bin Saeed Al-Sayed is a non-independent member of the Fund's Board of Directors. • No completion certificate has been issued for the property, and efforts are currently underway to obtain it. For further details, please refer to section (G) "Investment Risks in the Fund" under the subsection "Failure to Obtain Building Completion Certificates Risk".
Declaration	The Fund Manager acknowledges the existence of conflicts of interest between the following parties, whether directly or indirectly: • Fund Manager: The Fund Manager acknowledges a direct conflict of interest, as Abdulwahab bin Saeed Al-Sayed holds a 3.2% stake in the Fund Manager and also serves as a non-independent member of the Fund's Board of Directors. • Property Owner: An indirect conflict exists, as Abdulwahab bin Saeed Al-Sayed holds a 22% stake in the current property owner, is a non-independent member of the Fund's Board of Directors, and holds a 3.2% stake in the Fund Manager.

	• Property Manager: A direct conflict exists, as Abdulwahab bin Saeed Al-Sayed holds a 22% stake in the property manager (Motoon Real Estate Company) and a 1.98% stake in the Fund, in addition to serving as a non-independent member of the Fund's Board of Directors. In addition, the property manager holds a 5.63% stake in the Fund. The Fund Manager further declares that there are no conflicts of interest with any of the property's tenants, whether directly or indirectly. The Fund Manager further confirms that the property is free from any regulatory violations that may prevent or could result in the inability to use or operate the property. It also confirms the technical soundness of the property and that it is free from any major structural or engineering defects that may prevent or could result in the inability to use or operate the building, or that may result in major or costly repairs or modifications.

Asset 10: The Valley Commercial Complex

General Information	
Location	Al-Ahsa
Real Estate Sector	Commercial
Ownership Type	Usufruct rights
Land Area	9,858 m^2
Total Built-up Area	9,708 sqm
Building Description	Strip mall consisting of 37 commercial units
Year of Completion	2017

Description:

A retail complex located in Al-Ahsa city on Riyadh Road, in proximity to the College of Arts and King Fahd Hospital.

Location:

The property is situated in Al-Ahsa city, within the Al-Sulaymaniyah district. It is bordered to the north by North Al-Sulaymaniyah district, to the south by South Al-Sulaymaniyah district, to the east by Al-Muallimeen district, and to the west by Riyadh Road.

Facilities:

Parking areas, 23 commercial showrooms on the ground floor, a mezzanine level containing a restaurant, and a first floor comprising 13 commercial showrooms.

Acquisition and Leasing Details	
Purchase Price	SAR 39,500,000
Average Valuation	SAR 40,000,389
Current Owner	Retal Urban Development Company (usufruct right owner)
Number of Tenants	Nine
Target Annual Rent	SAR 5,340,200
Gross Annual Return	13.52%
Net Annual Return	7.63%
Annual Rent (Last 3 Years)	Not applicable, as the property is newly developed
Current Occupancy Rate	100%
Lease Term	(see table below)
Property Management	Tadbeir Real Estate Company
Additional Information	• The land is leased for a period of 21.6 years starting from 22 October 2015, and is renewable upon mutual agreement. The annual land lease rent is SAR 1,100,000, increasing to SAR 1,500,000 in the tenth year. • The Fund Manager estimates that operating expenses for the property (including cleaning, maintenance, security, and landscaping) will amount to SAR 545,500 in the first year, to be paid by the Fund to third parties. • The Fund pays property management fees to the property manager in addition to the operating expenses stated above.

Lease Term:

Tenant ID	Unit Type	Leased Area (m^2)	Lease Start	Lease End	Annual Rent (SAR)
01	Commercial	1,570	01/01/2017	31/12/2032	650,000
02	Commercial	146	01/03/2017	31/12/2021	122,640
02	Commercial	252	01/03/2017	31/12/2021	317,520
02	Commercial	292	01/03/2017	31/12/2021	367,920
03	Commercial	2,642	01/11/2017	31/10/2022	3,000,000
04	Commercial	218	01/05/2017	31/12/2019	183,120
05	Commercial	94	23/04/2017	31/12/2019	80,000
06	Commercial	62	01/03/2017	31/12/2019	85,000
07	Commercial	335	01/01/2017	31/12/2019	263,000
08	Commercial	69	01/01/2017	31/12/2019	51,000
09	Commercial	278	01/06/2017	31/12/2019	220,000

Disclosure and Declaration

Disclosure	No completion certificate has been issued for the property, and efforts are currently underway to obtain it. For further details, please refer to section (G) "Investment Risks in the Fund" under the subsection "Failure to Obtain Building Completion Certificates Risk".
Declaration	The Fund Manager declares that there is a conflict of interest between the following parties, directly or indirectly: • Property owner: directly, as the current owner of the property holds a 2.79% stake in the fund. • Property manager: indirectly, as the owner of the property manager, Retal Urban Development Company, holds a direct 2.66% stake in the fund and an indirect stake (through its full ownership of Nesaj Urban Development Company) of 5.03% in the fund. • Tenant: Tadbeir Real Estate Company, which is owned by Retal Urban Development Company, leases part of the property, and its annual rent represents 56% of the property's total annual rental income. The Fund Manager declares that there is no conflict of interest with any of the following parties, directly or indirectly: • The Fund Manager. The Fund Manager further confirms that the property is free from any regulatory violations that may prevent or could result in the inability to use or operate the property. It also confirms the technical soundness of the property and that it is free from any major structural or engineering defects that may prevent or could result in the inability to use or operate the building, or that may result in major or costly repairs or modifications.

Asset 11: The Grand Commercial Complex (B)

General Information	
Location	Dammam
Real Estate Sector	Office
Ownership Type	Freehold ownership
Land Area	2,495 m^2
Total Built-up Area	8,108 m^2
Building Description	Ground floor and six floors

Year of Completion	Expected completion of development on 31 December 2017

Description:

The property is currently under development and is expected to be completed on 31 December 2017. As per the latest contractor report dated 31 October 2017, the completion status is 100% for infrastructure and reinforced concrete works, 56% for plumbing, electrical, and mechanical works, and 55% for final finishing works.

Location:

The property is situated in Dammam, within Al-Anwar district. It is bordered to the north by King Fahd Road toward Dammam International Airport, to the south by Al-Anwar district, to the east by Al-Manar district, and to the west by Al-Sharq district.

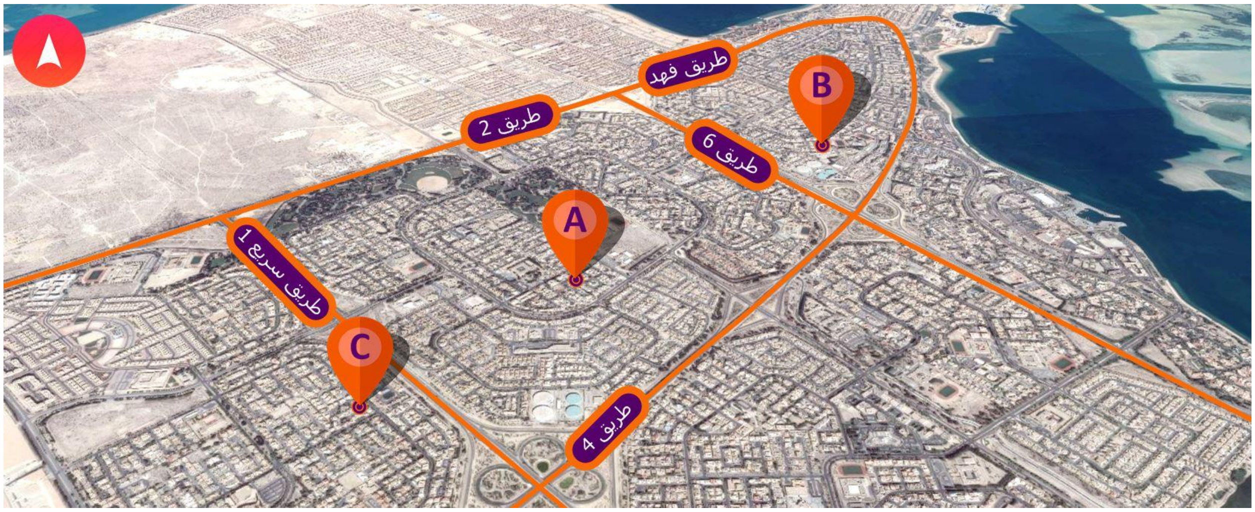
Facilities:

Six office floors and parking spaces.

Acquisition and Leasing Details	
Purchase Price	SAR 31,250,000
Average Valuation	SAR 31,935,484
Current Owner	Nesaj Urban Development Company
Number of Tenants	One tenant, the Arab Open University
Target Annual Rent	SAR 2,500,000
Gross Annual Return	8.00%
Net Annual Return	6.83%
Annual Rent (Last 3 Years)	Not applicable, as the property is under construction
Current Occupancy Rate	Under development
Lease Term	A lease agreement has been executed with the Arab Open University for leasing the entire property for a period of five years starting from 1 January 2018, binding on both parties.
Property Management	Not applicable, as the property is leased under a master lease agreement.
Additional Information	• The property is under development and is expected to be completed on 31 December 2017. Pursuant to the sale agreement, Nesaj Urban Development Company is obligated to complete all finishing and development works at its own expense until delivery of the property to the primary tenant, and the Fund shall not bear any development costs.

Disclosure and Declaration	
Disclosure	A completion certificate has not been issued for the property, as it is currently under development and has not yet been completed.
Declaration	The Fund Manager declares the existence of a conflict of interest between the following parties, whether directly or indirectly: • Property Owner: Directly, as the current owner of the property holds a 5.03% stake in the Fund. The Fund Manager further declares that there are no conflicts of interest between the following parties, whether directly or indirectly: • The Fund Manager • Tenants / tenants of real estate assets whose rental income represents 10% or more of the Fund's total annual rental income The Fund Manager further confirms that the property is free from any regulatory violations that may prevent or could result in the inability to use or operate the property. It also confirms the technical soundness of the property and that it is free from any major structural or engineering defects that may prevent or could result in the inability to use or operate the building, or that may result in major or costly repairs or modifications.

Asset 12: Labor Housing Buildings in Jubail



General Information	
Location	Jubail
Real Estate Sector	Residential
Ownership Type	Freehold ownership
Land Area	• Mecca Buildings: 4,556 m^2 • Al-Quds Building: 3,070 m^2 • Al-Farooq Building: 1,966 m^2 • Total Area: 9,592 m^2
Total Built-up Area	• Mecca Buildings: 3,610 m^2 • Al-Quds Building: 2,500 m^2 • Al-Farooq Building: 2,407 m^2 • Total Area: 8,516 m^2
Building Description	Four residential buildings comprising a total of 53 apartments
Year of Completion	1996

Description:

The property consists of four residential buildings situated across three adjacent districts in the northern part of Jubail city. Each building comprises three floors and includes 12 apartments. The apartments vary in configuration, with some consisting of two bedrooms and others of three bedrooms.

Location:

The property is located in Al-Dafah district in Jubail city, near King Fahd Industrial Port and Jubail beach.

Facilities:

The residential buildings are furnished and equipped with air conditioning systems.

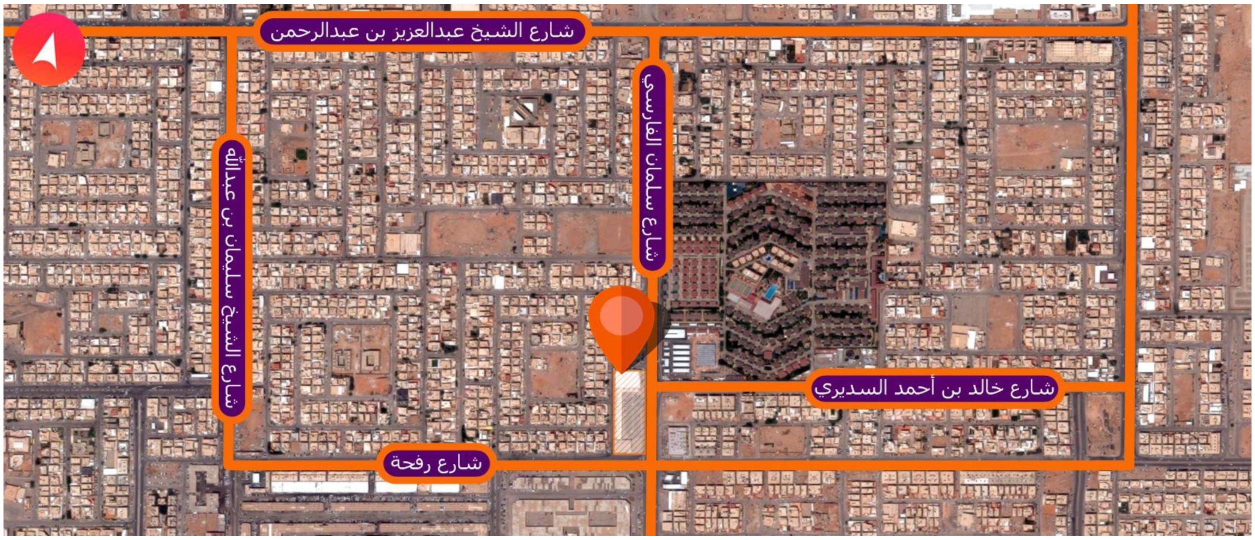
Acquisition and Leasing Details

Purchase Price	SAR 24,273,685
Average Valuation	SAR 27,518,750
Current Owner	• Mecca Buildings: Abdul Latif Al-Fozan • Al-Quds Building: Abdul Latif and Mohammed Al-Fozan Company and Shehada Al-Ard Trading Company • Al-Farooq Building: Abdul Latif and Mohammed Al-Fozan Company
Number of Tenants	One tenant, Saudi Basic Industries Corporation (SABIC)
Target Annual Rent	SAR 2,289,000
Gross Annual Return	9.43%
Net Annual Return	7.73%
Annual Rent (Last 3 Years)	• 2014: SAR 2,331,000 • 2015: SAR 2,331,000 • 2016: SAR 2,331,000
Current Occupancy Rate	100%
Lease Term	• First contract: five-year term starting 14 October 2016, binding on both parties, with annual rent of SAR 765,000. • Second contract: five-year term starting 22 November 2016, binding on both parties, with annual rent of SAR 4,800,000. • Third contract: five-year term starting 22 November 2016, binding on both parties, with annual rent of SAR 480,000. • Fourth contract: five-year term starting 28 December 2016, binding on both parties, with annual rent of SAR 564,000.
Property Management	Tadbeir Real Estate Company
Additional Information	• The lease is renewable for a similar, shorter, or longer term upon mutual agreement. Any party not intending to renew must notify the other party in writing at least 90 days prior to the lease expiry. • The Fund Manager expects operating expenses for the property (cleaning, maintenance, security, and landscaping) to be SAR 25,000 in the first year, payable by the Fund to third parties. • The Fund pays property management fees to the Property Manager in addition to the operating expenses mentioned above.

Disclosure and Declaration	
Disclosure	No completion certificate has been issued for the property, and efforts are currently underway to obtain it. For further details, please refer to section (G) "Investment Risks in the Fund" under the subsection "Failure to Obtain Building Completion Certificates Risk".
Declaration	The Fund Manager declares the existence of a conflict of interest between the following parties, whether directly or indirectly: • Property Owner: Directly, as the owner of Al-Farooq Building holds a 4.74% stake in the Fund.

	• Property Manager: Indirectly, as the owner of the property manager, Retal Urban Development Company, holds a direct 2.66% stake in the Fund and an indirect stake (through full ownership of Nesaj Urban Development Company) of 5.03% in the Fund. The Fund Manager further declares that there are no conflicts of interest between the following parties, whether directly or indirectly: • The Fund Manager • Tenants / tenants of real estate assets whose rental income represents 10% or more of the Fund's total annual rental income The Fund Manager further confirms that the property is free from any regulatory violations that may prevent or could result in the inability to use or operate the property. It also confirms the technical soundness of the property and that it is free from any major structural or engineering defects that may prevent or could result in the inability to use or operate the building, or that may result in major or costly repairs or modifications.

Asset 13: Usufruct Right for City Walk Commercial Complex



General Information	
Location	Riyadh
Real Estate Sector	Retail
Ownership Type	Usufruct right
Land Area	12,060 m^2
Total Built-up Area	6,433 m^2
Building Description	45 showrooms and a supermarket
Year of Completion	2015

Description:

A commercial complex located in the eastern part of Riyadh on Salman Al-Farsi Street, near Souq Al-Khaleej and the Sedra Village residential compound, and in proximity to King Fahd International Stadium.

Location:

City Walk Complex is situated in the east of Riyadh within Al-Khaleej district on Suleiman Al-Farsi Street.

Facilities:

Parking spaces, ATM access, glass-fronted showrooms, and a supermarket.

Acquisition and Leasing Details	
Purchase Price	SAR 10,504,994
Average Valuation	SAR 11,103,494
Current Owner	Hafiz Al-Derayah Real Estate Company
Number of Tenants	One tenant, Mazen Mohammed Al-Saeed Holding Company

Target Annual Rent	SAR 3,400,000
Gross Annual Return	32.37%
Net Annual Return	30.25%
Annual Rent (Last 3 Years)	• 2014: Not applicable, as the property was completed at the end of 2015 • 2015: Not applicable, as the property was completed at the end of 2015 • 2016: SAR 3,400,000
Current Occupancy Rate	100%
Lease Term	The lease term runs from 1 December 2016 to 28 February 2021, binding on both parties. The rental schedule for the duration of the usufruct right is as follows: • Payment of SAR 3,400,000 for the period from 01/12/2017 to 30/11/2018. • Payment of SAR 2,000,000 for the period from 01/12/2018 to 29/05/2019. • Payment of SAR 2,000,000 for the period from 30/05/2019 to 25/11/2019. • Payment of SAR 2,000,000 for the period from 26/11/2019 to 23/05/2020. • Payment of SAR 1,900,000 for the period from 24/05/2020 to 19/11/2020. • Payment of SAR 1,900,000 for the period from 20/11/2020 to 28/02/2021. Upon expiry of the usufruct right, the property shall revert to the landowner, and no further financial income will be generated beyond the amounts stated above.
Property Management	Not applicable, as the property is leased under a master lease agreement.
Additional Information	The tenant has provided the landlord with a duly executed promissory note payable on demand covering the full remaining rental value for the duration of the contract, issued in the name and for the benefit of the landlord. The value of the note is reduced periodically in line with each rental installment paid to the landlord.

Disclosure and Declaration	
Disclosure	• The property forms part of Derayah Real Estate Income Fund, a closed-ended private real estate investment fund managed by the Fund Manager. • A completion certificate has been issued for the property.
Declaration	The Fund Manager declares the existence of a conflict of interest between the following parties, whether directly or indirectly: • Fund Manager: Directly, as the property is currently owned by Derayah Real Estate Income Fund (a private fund) and managed by the Fund Manager. • Property Owner: Directly, as Mohammed bin Saeed Al-Shamasi, Chairman of the Board of Directors of Derayah Real Estate Income Fund and Chairman of the Board of Directors of Derayah REIT Fund, owns 0.26% of Derayah Real Estate Income Fund.

	• Board of Directors: Directly, as Mohammed bin Saeed Al-Shamasi serves as Chairman of the Board of Directors of both Derayah Real Estate Income Fund and Derayah REIT Fund. In addition, Abdulwahab bin Saeed Al-Sayed is an independent member of the Board of Directors of Derayah Real Estate Income Fund and a non-independent member of the Board of Directors of Derayah REIT Fund. The Fund Manager further declares that there is no conflict of interest between the following parties, whether directly or indirectly: • Property manager(s) related to the Fund • Tenants of real estate assets whose rental income represents 10% or more of the Fund's total annual rental income The Fund Manager further confirms that the property is free from any regulatory violations that may prevent or could result in the inability to use or operate the property. It also confirms the technical soundness of the property and that it is free from any major structural or engineering defects that may prevent or could result in the inability to use or operate the building, or that may result in major or costly repairs or modifications.

Asset 14: Labor Housing Buildings in Dammam

General Information	
Location	Dammam
Real Estate Sector	Residential
Ownership Type	Freehold ownership
Land Area	• Al-Mina (Port) Building A: 600 m^2 • Al-Mina Building B: 600 m^2 • Total Area: 1,200 m^2
Total Built-up Area	• Al-Mina Building A: 1,456 m^2 • Al-Mina Building B: 1,456 m^2 • Total Area: 2,912 m^2
Building Description	Two residential buildings for workers in Dammam City
Year of Completion	o Al-Mina Building A: 2011 o Al-Mina Building B: 2011

Description:

- The property comprises two residential buildings designated for workers. Each building consists of three floors and includes 11 furnished apartments. The buildings are located in the Al-Mina area in Dammam.

Location:

The properties are situated in Al-Mina district in Dammam, near King Faisal Road.

Facilities:

Furnished apartments.

Acquisition and Leasing Details	
Purchase Price	SAR 5,087,559
Average Valuation	SAR 6,167,708

<table>
<tr><td>Current Owner</td><td>Retal Urban Development Company</td></tr>
<tr><td>Number of Tenants</td><td>Five</td></tr>
<tr><td>Target Annual Rent</td><td>SAR 569,500</td></tr>
<tr><td>Gross Annual Return</td><td>11.19%</td></tr>
<tr><td>Net Annual Return</td><td>8.78%</td></tr>
<tr><td>Annual Rent (Last 3 Years)</td><td>2014: SAR 528,234
2015: SAR 478,016
2016: SAR 506,845</td></tr>
<tr><td>Current Occupancy Rate</td><td>100%</td></tr>
<tr><td>Lease Term</td><td>
<table>
<tr><th>Tenant ID</th><th>Building</th><th>Number of Apartments</th><th>Lease Start</th><th>Lease End</th><th>Annual Rent (SAR)</th></tr>
<tr><td>01</td><td>Al-Mina Building A</td><td>11</td><td>01/06/2017</td><td>31/05/2027</td><td>305,500</td></tr>
<tr><td>02</td><td>Al-Mina Building B</td><td>1</td><td>01/01/2017</td><td>31/12/2017</td><td>22,000</td></tr>
<tr><td>03</td><td>Al-Mina Building B</td><td>6</td><td>01/01/2017</td><td>31/12/2017</td><td>132,000</td></tr>
<tr><td>04</td><td>Al-Mina Building B</td><td>2</td><td>01/01/2017</td><td>31/12/2021</td><td>44,000</td></tr>
<tr><td>05</td><td>Al-Mina Building B</td><td>2</td><td>01/11/2017</td><td>31/10/2022</td><td>66,000</td></tr>
</table>
The lease agreements are automatically renewed for similar periods unless either party provides written notice of non-renewal or requests renewal under amended terms at least two months prior to expiry. The Fund Manager confirms that, as of 1 November 2017, no notice of non-renewal has been received from any tenant.
</td></tr>
<tr><td>Property Management</td><td>Tadbeir Real Estate Company</td></tr>
<tr><td>Additional Information</td><td>Lease agreements are renewed for similar, shorter, or longer periods upon mutual agreement, and any party not intending to renew must notify the other party in writing prior to lease expiry.
The Fund Manager expects operating expenses for the property (cleaning, maintenance, security, and landscaping) to be SAR 100,000 in the first year, payable by the Fund to third parties.
The Fund pays property management fees to the Property Manager in addition to the operating expenses mentioned above.</td></tr>
</table>

Disclosure and Declaration	
Disclosure	A building completion certificate has not been issued for the property, and efforts are currently in progress to obtain it. Please refer to section (G) "Investment Risks of the Fund" under the subsection "Failure to Obtain Building Completion Certificates Risk".

Declaration	The Fund Manager hereby confirms the existence of conflicts of interest between the following parties, whether directly or indirectly: • Property Owner: A direct conflict exists, as the current property owner holds a 2.66% stake in the fund. • Property Manager: An indirect conflict exists, as the owner of the property manager, Retal Urban Development Company, holds a direct 2.66% stake in the fund and an indirect stake (through its full ownership of Nesaj Urban Development Company) of 5.03% in the fund. The Fund Manager further declares that no conflict of interest exists between the following parties, whether directly or indirectly: • The Fund Manager • Tenant(s) of real estate assets whose rental income constitutes 10% or more of the Fund's annual rental income The Fund Manager further confirms that the property is free from any regulatory violations that may prevent or could result in the inability to use or operate the property. It also confirms the technical soundness of the property and that it is free from any major structural or engineering defects that may prevent or could result in the inability to use or operate the building, or that may result in major or costly repairs or modifications.

Asset 15: Labor Housing Building in Al-Khobar

General Information	
Location	Al-Khobar
Real Estate Sector	Residential
Ownership Type	Freehold real estate ownership
Land Area	660 m^2
Total Built-up Area	1,648 m^2
Building Description	One residential labor building in Al-Khobar
Year of Completion	2015

Description:

The property comprises a residential labor building in Al-Khobar, consisting of three floors and including 11 furnished apartments.

Location:

The property is situated in Al-Khobar, Al-Thuqbah District, in proximity to King Khalid Road.

Facilities:

Furnished apartments.

Acquisition and Leasing Details	
Purchase Price	3,012,441 SAR
Average Valuation	3,594,444 SAR
Current Owner	Retal Urban Development Company
Number of Tenants	Eight
Target Annual Rent	328,000 SAR

<table>
<tr><td>Gross Annual Return</td><td>10.89%</td></tr>
<tr><td>Net Annual Return</td><td>8.79%</td></tr>
<tr><td>Annual Rent (Last 3 Years)</td><td>2014: -
2015: 275,310 SAR
2016: 291,915 SAR</td></tr>
<tr><td>Current Occupancy Rate</td><td>100%</td></tr>
<tr><td>Lease Term</td><td>
<table>
<tr><th>Tenant ID</th><th>Number of Apartments</th><th>Lease Start</th><th>Lease End</th><th>Annual Rent (SAR)</th></tr>
<tr><td>01</td><td>2</td><td>16/05/2017</td><td>15/05/2018</td><td>40,000</td></tr>
<tr><td>02</td><td>1</td><td>10/09/2017</td><td>09/09/2018</td><td>25,000</td></tr>
<tr><td>03</td><td>1</td><td>01/11/2017</td><td>31/10/2022</td><td>50,000</td></tr>
<tr><td>04</td><td>1</td><td>23/03/2017</td><td>22/03/2018</td><td>40,000</td></tr>
<tr><td>05</td><td>1</td><td>16/05/2017</td><td>15/05/2022</td><td>27,000</td></tr>
<tr><td>06</td><td>1</td><td>28/03/2017</td><td>27/03/2018</td><td>30,000</td></tr>
<tr><td>07</td><td>3</td><td>01/06/2017</td><td>31/05/2020</td><td>91,000</td></tr>
<tr><td>08</td><td>1</td><td>11/03/2017</td><td>10/03/2018</td><td>25,000</td></tr>
</table>
</td></tr>
<tr><td>Property Management</td><td>Tadbeir Real Estate Company</td></tr>
<tr><td>Additional Information</td><td>Lease agreements are renewed for similar or alternative terms upon mutual agreement, provided that either party wishing not to renew submits written notice prior to the lease expiry date.
The Fund Manager estimates operating expenses for the property (cleaning, maintenance, security, and landscaping) at 50,000 SAR for the first year, payable by the Fund to third parties.
The Fund also pays property management fees to the Property Manager in addition to the operating expenses stated above.</td></tr>
</table>

Disclosure and Declaration	
Disclosure	A building completion certificate has not been issued for the property, and efforts are currently in progress to obtain it. Please refer to section (G) "Investment Risks of the Fund" under the subsection "Failure to Obtain Building Completion Certificates Risk".
Declaration	The Fund Manager hereby confirms the existence of conflicts of interest between the following parties, whether directly or indirectly: • Property Owner: A direct conflict exists, as the current property owner holds a 2.79% stake in the fund. • Property Manager: An indirect conflict exists, as the owner of the property manager, Retal Urban Development Company, holds a direct 2.79% stake in the fund and an indirect stake (through its full ownership of Nesaj Urban Development Company) of 5.28% in the fund.

The Fund Manager further declares that no conflict of interest exists between the following parties, whether directly or indirectly:

- The Fund Manager
- Tenant(s) of real estate assets whose rental income constitutes 10% or more of the Fund's annual rental income

The Fund Manager further confirms that the property is free from any regulatory violations that may prevent or could result in the inability to use or operate the property. It also confirms the technical soundness of the property and that it is free from any major structural or engineering defects that may prevent or could result in the inability to use or operate the building, or that may result in major or costly repairs or modifications.

6) Fund Structure

Public Unitholders	مالكي الوحدات من الجمهور
Unitholders through In-Kind Contributions	مالكي الوحدات من خلال الحصص العينية
Fund Manager	مدير الصندوق
Derayah REIT	دراية ريت
Derayah Financial Company	دراية المالية
Alinma Investment Company	الإنماء للاستثمار
Fund Assets (100%)	أصول الصندوق (%100)
Property Management	إدارة الأملاك
Tadbeir Real Estate Company	شركة تدبير العقارية
Leasing	التأجير
Master Tenant	المستأجر الرئيسي
Motoon Real Estate Company	شركة متون العقارية

The target fund size is SAR 1,172,000,000, which will be used to acquire the fund's assets and cover brokerage commissions, transaction costs, registration fees, and other expenses associated with the establishment of the fund. The public offering size is SAR 361,744,210, representing 36,174,421 units, equivalent to 33.6% of the total fund units. The fund will issue a total of 107,507,035 units.

The table below summarizes the sources and uses of capital:

Source	Amount	Use	Amount
Fund Capital	1,075,070,350 SAR	Acquisition of the fund's assets	1,086,403,679 SAR
Credit Facilities	96,929,650 SAR	Brokerage fees (payable to the Fund Manager)	12,142,187 SAR
		Brokerage fees (payable to other parties)	11,117,780 SAR
		Transaction costs	9,303,987 SAR
		Value Added Tax (VAT)#	51,819,934 SAR
		Other fees	1,212,434 SAR
Total	1,172,000,000 SAR	Total	1,172,000,000 SAR

Note:

On 2 Jumada Al-Awwal 1438 A.H., the Council of Ministers approved the Unified Agreement for Value Added Tax (VAT) among the Gulf Cooperation Council (GCC) member states, with an effective implementation date of 1 January 2018. VAT will be charged at 5% of the property purchase price.

As the Fund Manager anticipates that the transfer of ownership of the properties to the fund will be completed within 60 working days from the allocation date, the transfer is expected to occur after 1 January 2018, when VAT becomes applicable. Nevertheless, the Fund Manager will make reasonable efforts to complete the transfer of ownership before the effective date of VAT implementation.

If ownership of the properties is transferred before 1 January 2018, the amount that would otherwise have been allocated to VAT will instead be invested in the acquisition of additional properties in accordance with the fund's investment strategy.

7) Target Financial Returns

The table below presents the historical and projected rental income for each asset included in the fund.

No.	Asset Name	2017		2018		2019		2020		2021		2022	
		Rental Income (SAR)	Percentage of Total Rental Income	Target Rental Income (SAR)	Percentage of Total Rental Income	Target Rental Income (SAR	Percentage of Total Rental Income	Target Rental Income (SAR)	Percentage of Total Rental Income	Target Rental Income (SAR	Percentage of Total Rental Income	Target Rental Income (SAR)	%
1	Smart Tower	19,000,000	32%	20,000,000	22%	20,000,000	24%	20,000,000	25%	20,000,000	25%	20,000,000	27%
2	Jubail Views Residential Complex	13,617,000	23%	13,617,000	15%	4,539,000	5%	-	0%	-	0%	-	0%
3	Port Warehouses Complex	-	0%	10,400,000	11%	10,400,000	12%	10,400,000	13%	10,400,000	13%	10,400,000	14%
4	City Life Plaza	-	0%	8,500,000	9%	8,500,000	10%	8,500,000	11%	8,500,000	11%	8,500,000	11%
5	Motoon Towers	6,737,450	11%	6,737,450	7%	6,737,450	8%	6,737,450	9%	6,737,450	9%	6,737,450	9%
6	Al-Fanar Complex	5,085,100	9%	5,149,322	6%	5,149,322	6%	5,149,322	7%	5,149,322	7%	5,149,322	7%
7	The Grand Complex (A) Residential	-	0%	5,000,000	5%	5,000,000	6%	5,000,000	6%	5,000,000	6%	5,000,000	7%
8	Al-Wadi Warehouses	3,740,000	6%	4,640,000	5%	4,640,000	6%	4,640,000	6%	4,640,000	6%	4,640,000	6%
9	Al-Sitteen Center	4,300,812	7%	3,462,250	4%	3,462,250	4%	3,462,250	4%	3,462,250	4%	3,462,250	5%
10	The Valley Complex	-	0%	5,340,200	6%	5,340,200	6%	5,340,200	7%	5,340,200	7%	5,340,200	7%
11	The Grand Complex (B) Commercial	-	0%	2,500,000	3%	2,500,000	3%	2,500,000	3%	2,500,000	3%	2,500,000	3%
12	Labor Housing in Jubail	2,331,000	4%	2,289,000	2%	2,289,000	3%	2,289,000	3%	2,289,000	3%	2,289,000	3%
13	City Walk	3,400,000	6%	3,400,000	4%	4,000,000	5%	3,900,000	5%	1,900,000	2%	-	0%
14	Labor Housing in Dammam	0.8%	569,500	0.7%	569,500	0.7%	569,500	0.7%	569,500	0.6%	569,500	0.9%	506,845
15	Labor Housing in Khobar	0.4%	328,000	0.4%	328,000	0.4%	328,000	0.4%	328,000	0.4%	328,000	0.5%	291,915
	Total	59,010,122	100%	91,932,722	100%	83,454,722	100%	78,815,722	100%	76,815,722	100%	74,915,722	100%
	Total Target Return			8.99%		8.16%		7.7%		7.51%		7.32%	
	Net Target Return			7.22%		6.54%		6.20%		6.05%		5.90%	

Please note the following:

- The target gross return is the target rental income returns relative to the fund's capital.
- The target net return is the target rental income returns after deducting all fund fees and expenses (including the financing facility profit margin) relative to the fund's capital.
- The following properties were newly developed in 2017 and therefore had no rental income in 2017: Port Warehouses Complex, City Life Plaza, The Grand Residential Complex (A), The Valley Complex, and The Grand Commercial Complex (B).
- The lease agreement for Jubail Views Residential Complex will expire on 30 April 2019. If the property is leased to another party or renewed with the current tenant, rental income will increase; however, if it is not leased, the fund's rental income will be as stated in the table above.

G. Investment Risks in the Fund

1) Overview of Key Investment Risks Associated with the Fund

Prospective investors should be aware that an investment in the Fund involves a high degree of risk, and there can be no assurance that the Fund will achieve its investment objectives. Market conditions are subject to continuous change and may be influenced by a range of factors, including general macroeconomic conditions, financial market developments, the performance of companies within the Kingdom of Saudi Arabia and internationally, and trends affecting the real estate sector.

Accordingly, no representation or guarantee is made that investors will recover the full amount of their invested capital, or any portion thereof. Before making an investment decision, each prospective investor should carefully evaluate the risks associated with an investment in the Fund. The risks described below are provided for illustrative purposes only and are not presented in order of significance or priority.

Investors should also recognize that the historical performance of the real estate sector is not necessarily indicative of future results. No assurance can be given that the Fund will achieve its targeted returns or that it will avoid incurring substantial losses. Investors should therefore be prepared for the possibility of losing a substantial portion or the entirety of their investment.

- Real Estate Market Value Risk: Investments in real estate are generally regarded as medium- to long-term investments, during which property values may appreciate or depreciate over time. Changes in real estate values may adversely affect the Fund's performance, the value of its units, its profitability, and the valuation of its underlying assets.

- Investment Risk: Investment in the Fund requires investors to commit capital in accordance with these Terms and Conditions, and no guarantee is provided regarding the return of invested capital. There is no assurance that the Fund will generate positive investment returns at any particular time, or at all. In addition, the Fund may encounter difficulties in selling or otherwise disposing of its assets. If a decision is made to dispose of assets through a sale, there is no assurance that such assets can be sold at a price that the Fund Manager considers to reflect their fair value or within the timeframe required by the Fund. Consequently, the Fund may fail to realize returns from its assets, which may adversely affect the value of the unitholders' investments, periodic distributions, and the overall returns generated by the Fund.

- Liquidity Risk: The fund intends to apply for the listing of its units on the Saudi Stock Exchange (Tadawul). Approval of the listing application should not be interpreted as an indication that an active or liquid market for the fund's units will develop or continue to exist. If an active trading market does not develop, or if market liquidity is limited, both the liquidity and market price of the units may be adversely affected.

  In addition, where market liquidity is limited, relatively small transactions, or even anticipated transactions, may have a material adverse impact on the market price of the units. Likewise, it may be difficult to execute actual or proposed transactions involving a substantial number of units at a predetermined price. A limited number of issued units and/or unitholders may further reduce market liquidity, which could adversely affect: (i) an investor's ability to realize the value of all or part of its investment; (ii) the price at which an investor is able to dispose of its units; and/or (iii) the trading price of the units in the secondary market.

  Furthermore, a significant proportion of the Fund's units may be held by a limited number of investors, which may further constrain the liquidity of the Fund. Although the units are expected to be tradable, units in real estate investment funds are generally less liquid than shares of listed companies.

  The Fund is also exposed to the risk of insufficient or declining liquidity, which may limit its ability to dispose of its real estate assets and/or result in delays or defaults by tenants in performing their contractual obligations in a timely manner. Such circumstances may adversely affect the Fund's profitability and/or the valuation of its assets.

- Unit Price Volatility Risk: The market price of the fund's units may be adversely affected by a variety of factors, including movements in local and international equity markets, conditions in the real estate market, current and anticipated economic conditions, interest rates, financing costs, investor sentiment, and broader macroeconomic developments. As a result, the units may experience significant price volatility. Limited market liquidity may also have a negative impact on the market value of the units. Accordingly, investment in the fund's units is appropriate only for investors who are able to bear the risks associated with such investments.

- General Real Estate Market Risk: The fund's investments are subject to risks inherent in the ownership, leasing, development, redevelopment, and/or reconstruction of real estate assets. These risks include, without limitation, those arising from general economic conditions, local real estate market conditions, changes in the supply of and demand for competing properties within a particular area (including oversupply resulting from excessive development), shortages in energy supply, insured and uninsured losses, natural disasters, government regulations (including rent control measures), changes in property taxation, fluctuations in capitalization rates, and the availability of mortgage financing that may facilitate the sale or refinancing of properties that may otherwise be difficult or impractical to dispose of.

  The fund is also exposed to environmental liabilities, potential liabilities arising from the disposal of assets, terrorist attacks, acts of war, and other events beyond the control of the Fund Manager.

  In addition, there is no assurance that a readily available market will exist for the resale of the fund's real estate investments, as such investments are generally illiquid. This illiquidity may result from the absence of an established secondary market, as well as legal or contractual restrictions on resale, including restrictions imposed by lenders providing financing for the acquisition of the relevant assets.

  Furthermore, any deterioration in the operational performance of a property or the financial condition of a tenant may adversely affect the rental income received by the fund and, consequently, its ability to make distributions to investors. Tenants may experience financial difficulties that weaken their financial position and result in delays or defaults in rental payments.

  A tenant may also seek protection under applicable bankruptcy or insolvency laws at any time. Such proceedings may result in the rejection, termination, or modification of lease agreements, or lead to other adverse outcomes that reduce the fund's distributable cash flows. There can be no assurance that tenants will not seek bankruptcy or insolvency protection in the future. If such protection is sought, the relevant lease may nevertheless remain in effect.

- Development Completion Risk: Where the fund invests in real estate development projects, such investments are subject to risks commonly associated with property development in the Kingdom. One of the principal risks is the inability of the developer to complete and deliver a development project for reasons beyond the fund's control. Such reasons may include, without limitation, failure to obtain the required licenses or regulatory approvals, shortages of construction materials or labor, changes in applicable laws and regulations, force majeure events affecting the construction and real estate development sector, and other unforeseen circumstances. Should any of these risks materialize, they may have a material adverse effect on the fund's financial position, operating results, and its ability to make distributions to investors.

- Sector Concentration Risk: The fund's investments may be concentrated in particular sectors, including, without limitation, the commercial real estate sector, office real estate sector, and the warehousing and logistics sector. As a result, concentration within specific sectors may increase the fund's exposure to adverse economic conditions affecting those sectors. In particular, any decline or weakening in demand within one or more of the sectors in which the fund invests may have a material adverse effect on the fund's financial position, operating results, and its ability to distribute profits to investors.

- Transfer of Property Ownership Risk: The transfer of real estate ownership in the Kingdom may involve certain legal risks due to the absence of a comprehensive and legally conclusive centralized real estate registration system. Title deeds may not always constitute conclusive evidence of ownership and may be subject to legal challenge. Likewise, the existence of contracts or agreements between the relevant parties does not necessarily guarantee the enforceability of ownership rights.

  Accordingly, legal disputes may arise in connection with the transfer of ownership of properties acquired by the fund through the Fund Manager. Such disputes may impair the fund's ability to dispose of properties or transfer ownership free from mortgages, encumbrances, or other restrictions. In certain circumstances, the fund may lose ownership of a property that it believed had been lawfully acquired.

  Any such legal disputes may materially and adversely affect the value of the affected properties and, consequently, the fund's financial position, operating results, and its ability to distribute profits to investors.

- Acquisition of the Target Real Estate Assets Risk: The Fund has entered into purchase agreements for the acquisition of the target real estate assets prior to the listing date, with completion expected within 60 business days following the end of the offering period. Although these purchase agreements are legally binding, the acquisition of the assets may not be completed on the listing date, or at any later date, if either party fails to perform its contractual obligations.

  In such circumstances, the Fund would be required to identify and acquire alternative assets before it is able to commence distributions to unitholders. While the Fund Manager expects the Fund to continue achieving its targeted returns over the long term, investors may experience lower returns in the short term as a result of any delay in completing the acquisitions.

- Trading Below the Initial Offering Price Risk: The market price of the Fund's units may fall below the initial offering price, and unitholders may therefore be unable to recover the full amount of their investment. The units may trade at a discount for a variety of reasons, including unexpected market conditions, reduced investor confidence in the Fund's investment strategy or objectives, and an imbalance between the supply of and demand for the units. Consequently, investors who sell their units below the offering price may incur investment losses.

- Distribution Volatility Risk: In accordance with the Real Estate Investment Funds Regulations and the regulations governing publicly listed real estate investment funds issued by the Capital Market Authority, the Fund is required to distribute at least 90% of its annual net profits to unitholders. However, no assurance can be given regarding the amount or timing of any distributions made by the Fund.

  The Fund may be unable to make distributions due to unforeseen events that increase expenses, including significant capital expenditures for major, urgent, or unexpected maintenance and renovation works, or that reduce revenues, such as delays in the collection of rental payments.

  Where tenants delay payment or are unable to meet their rental obligations, whether due to circumstances beyond their control or as a result of default, the Fund Manager, together with the property and operations manager or any replacement manager, may seek to secure replacement tenants. During this period, adverse conditions affecting key tenants may materially impact the Fund's financial position, operating results, cash flows, and its ability to make quarterly cash distributions.

  In addition, any decision regarding the declaration, timing, or amount of future distributions in excess of the mandatory minimum distribution of 90% of annual net profits will be subject to the recommendation of the Fund Manager and will depend on various factors, including the Fund's financial performance, financial position, liquidity requirements, and compliance with applicable legal distribution requirements.

  Failure by the Fund to make annual distributions to unitholders may expose the Fund to certain conditions that could adversely affect its financial performance.

- Significant Unit Sales Risk: The sale of a substantial number of fund units by one or more unitholders may materially reduce the market price of the units. Likewise, the perception that significant sales may occur in the public market could adversely affect the trading price of the units. Any such decline in the market price may negatively impact the returns realized by unitholders.
- Market Price Divergence Risk: The market price at which the fund's units trade may not accurately reflect the underlying value of the fund's investments. Financial markets, including the Saudi Stock Exchange, may experience significant fluctuations in trading prices and volumes from time to time. These fluctuations, together with prevailing economic, political, and other market conditions, may materially and adversely affect the market price of the units.

  As a publicly traded real estate investment fund, the trading price of the units may also be influenced by several factors, including, without limitation: (a) the circulation of rumors or misleading or unverified information from unofficial sources; and (b) fluctuations in the fund's distributions, as described above. Many of these factors are beyond the control of the fund and, whether related to the fund's operations or broader market conditions, may adversely affect the value of the fund's investments and the returns generated for investors.
- Distribution and Financing Risk: The distribution requirements and financing restrictions applicable to publicly traded real estate investment funds may limit the fund's operational flexibility and its ability to pursue growth through additional acquisitions.

  Under the applicable regulations, the fund is required to distribute at least 90% of its net profits to unitholders on a quarterly basis, excluding proceeds generated from the disposal of real estate assets. In addition, to maintain its status as a publicly traded real estate investment fund, the fund's total financing must not exceed 50% of the total value of its assets.

  These regulatory requirements may restrict the fund's ability to reinvest earnings, improve existing properties, or expand its portfolio through the acquisition of additional assets.

  In connection with obtaining financing, the Fund Manager may enter into hedging arrangements relating to the financing facilities obtained by the fund. While such arrangements may provide greater certainty regarding financing costs and expected returns, they may also result in additional financing expenses, which could adversely affect the fund's investments and overall returns.
- Dependence on Rental Income Risk: The Fund may acquire investments based on valuations derived from the rental income generated by tenants occupying the underlying properties. There is no assurance that vacant units will be successfully leased, that expiring leases will be renewed, or that rental rates will increase over time.

  If any tenant experiences deterioration in its business operations or financial condition, it may be unable to meet its rental payment obligations on a timely basis or may fail to renew its lease. In addition, certain tenants may occupy a significant portion of the Fund’s assets. Accordingly, as long as the Fund remains concentrated in such assets, any adverse developments affecting key tenants may materially and adversely impact the Fund’s financial position, results of operations, cash flows, and its ability to distribute dividends to unitholders.
- Unit Liquidity Risk: Except upon the termination of the Fund at the end of its term, unitholders will generally realize returns on their investment through the trading of units on the financial market and through annual distributions of net profits. Although the units are expected to be tradable, real estate investment trust units may exhibit lower liquidity compared to listed equity securities.

  There may be no active or liquid market for the units, and unitholders may therefore experience difficulty in selling their units at the prevailing market price and/or net asset value (NAV), or at all. Furthermore, the Capital Market Authority may suspend or restrict trading in the Fund’s units. Any such suspension or restriction may adversely affect unitholders’ ability to realize returns on their investment.
- Liquidity of Underlying Real Estate Assets Risk: Real estate assets are inherently less liquid than other asset classes. As a result, the Fund may face difficulties in selling its real estate assets at desired prices or within desired timeframes, or in realizing returns at its discretion.

  The Fund’s portfolio consists of real estate assets, and it may be unable to dispose of such assets without applying price discounts, particularly during periods of market downturn or when assets are sold as part of a large-scale real estate portfolio liquidation. This risk is heightened where the Fund is required to dispose of assets within a short timeframe.

  Such circumstances may result in a reduction in the value of the Fund’s units and may adversely affect its performance and the returns to unitholders.
- Dilution Risk: If the Fund increases its capital in the future through the issuance of additional units, such issuance will result in the dilution of the proportional ownership interests of existing unitholders at that time, unless such unitholders exercise any pre-emptive rights they may have in relation to the new units. Accordingly, any capital increase may adversely affect the value of the units and, consequently, the interests of unitholders who do not participate in the capital increase through exercising their pre-emptive rights.
- Property Marketing and Disposition Risk: Certain properties owned by the Fund may not experience increases in rental returns over time, or such increases may be below prevailing market levels. For these or other reasons, the value of a property from

the perspective of potential buyers may not increase over time, which may limit the Fund Manager's ability to sell such properties.

Where the Fund is able to sell such properties, the sale price may be lower than the original acquisition price. This may reduce the capital available for reinvestment in other properties and decrease capital returns, thereby negatively affecting the overall value of the investment and the Fund's returns and distributions.

In addition, due to limited liquidity in the real estate market, the Fund Manager may need to undertake redevelopment of properties to enhance their marketability or attract potential buyers. Such activities may reduce the Fund's income and may also result in financial losses.

- No Guarantee of Investment Returns Risk: There can be no assurance that the Fund will achieve returns consistent with the expectations set out in the Terms and Conditions. The value of the Fund's units may decline, and investors may lose part or all of their invested capital. No guarantee can be provided that the Fund will generate any returns.

- Changes in Market Conditions Risk: The Fund's future performance is significantly dependent on changes in supply and demand dynamics within the real estate sector. These conditions may be affected by economic, political, regional, and local developments, increased competition leading to declines in property values, limited availability or higher cost of financing and mortgages, rising interest or financing rates, and fluctuations in supply and demand.

  Such factors may have a material adverse effect on the Fund's performance through reduced rental income and/or a decline in the net asset value of the Fund.

- Liability Limitation and Indemnification Risk: The Fund's Terms and Conditions specify the circumstances under which the Fund Manager, its advisers, shareholders, directors, officers, employees, agents, affiliates, and the members of the Fund's Board of Directors may incur liability toward the Fund. As a result, investors' ability to pursue claims in certain situations may be more limited than would otherwise be the case in the absence of such provisions.

  In addition, the Terms and Conditions provide that the Fund shall indemnify the Fund Manager and advisers against certain claims, losses, damages, and expenses arising from actions undertaken on behalf of the Fund. Such indemnification obligations may have a material adverse effect on the returns of investors.

- Investment Performance Risk: The Fund is exposed to the risk that some or all of its existing assets or future transactions may not perform as expected. There is also no guarantee that future investment activities will be implemented in accordance with the expectations of the Fund Manager, or that such activities will be undertaken at all. Any such outcomes may adversely affect the Fund's operational performance and financial position.

- Key Personnel Risk: The Fund depends on the expertise and services of the Fund Manager and a limited number of key individuals for the formulation and execution of its investment strategy. If any of these individuals are unable to continue in their roles, the Fund Manager will seek suitable replacements with equal or greater qualifications to manage the Fund's performance. However, the loss or unavailability of key personnel or service providers may have an adverse effect on the Fund's performance.

- Non-Participation in Management Risk: Except as expressly stated in the Fund's Terms and Conditions, unitholders do not have the right to participate in the management of the Fund or to influence its investment decisions. All management authority is vested exclusively in the Fund Manager.

- Regulatory Risk: Changes in applicable laws, regulations, rules, directives, or tax, real estate, or environmental legislation may result in actions or developments that adversely affect the Fund's performance or expose it to losses, which may in turn negatively impact the unit price.

- Unexpected Cash Outflows for Property Maintenance Risk: The Fund may be required to incur certain expenses in circumstances where the property manager is unable to meet such obligations, including, without limitation, property taxes, VAT, and maintenance costs. Such expenditures may be necessary to preserve the value of the underlying properties or to avoid liens or other adverse consequences, including potential transfer of the property to a new tenant. These costs will reduce the Fund's profits.

- Value Added Tax (VAT) Risk: On 2 Jumada I 1438 A.H., the Council of Ministers approved the Unified VAT Agreement for the GCC countries, which came into effect on 1 January 2018 as a new tax introduced into the system of taxes and fees applicable to certain sectors in the Kingdom, including the real estate sector, as announced by the General Authority of Zakat and Tax, in accordance with the following classification:

Real Estate Sector	VAT Treatment
Sale of commercial property	5%
Sale of residential property	5%
Sale of residential property used personally by the owner or a close relative	Not applicable (NA)
Leasing of hotels, furnished residential units, and chalets	15%

Real Estate Sector	VAT Treatment
Residential property leasing	Exempt

Accordingly, if any of the VAT categories apply to any of the Fund's properties, this may have an impact on the Fund's operations and performance. The implementation of VAT in the Kingdom is associated with several challenges due to its relatively recent introduction and ongoing oversight by the relevant government authorities.

VAT is a complex tax that requires detailed procedures and regulatory guidance at both the governmental level and the level of taxable entities. Such entities are required to fully understand the nature of the tax, its application, calculation methodology, and reporting obligations to the competent authorities in accordance with applicable laws and regulations. As with any legal and regulatory requirements, any failure to comply with VAT obligations may result in financial penalties and other statutory sanctions.

- Lack of Prior Operating History Risk: The Fund does not have a prior operating history that prospective unitholders can rely on to evaluate its performance or the performance of the Fund Manager. The nature of the Fund's future investments, as well as the associated risks, may differ materially from those investments and strategies previously managed by the Fund Manager. Accordingly, this may adversely affect the Fund's investments and returns.

- Conflict of Interest Risk: Conflicts of interest may arise between the interests of the Fund Manager or its related parties and the interests of the Fund's unitholders in the course of managing the Fund. Any such conflict that limits the Fund Manager's ability to act independently or objectively may adversely affect the Fund's investments and returns.

- Reduced Income and Increased Expenses Risk: The Fund is exposed to risks that may reduce income or increase expenses, including tenant defaults, delays in payment or collection, breaches of contractual obligations, or increases in maintenance and operating costs beyond those anticipated by the Fund Manager. Such factors may lead to fluctuations in distributions and may adversely affect the Fund's profits and/or asset valuations, which in turn may negatively impact the unit price.

- Political and Economic Volatility Risk: As the Fund's investments are concentrated in the Kingdom, its performance is expected to be closely linked to economic conditions and political developments in the region. Such developments may negatively affect the real estate market and property valuations. The real estate sector in the Kingdom may also experience higher volatility compared to more geographically diversified funds. Accordingly, such volatility may adversely affect the Fund's profits and/or asset valuations, and consequently the unit price.

- Zakat and Fee Implementation Risk: The implementation of the White Land Tax system may indirectly affect the Fund's properties, as landowners may accelerate the development of vacant land, thereby increasing supply and potentially exerting downward pressure on rental values. In addition, if a subsidiary of the custodian is established for the purpose of obtaining financing on behalf of the Fund, it may become subject to zakat obligations. These factors may adversely affect the Fund's profits and/or asset valuations, which may in turn negatively impact the unit price.

- Foreign Investment (Outside the Kingdom) Risk: International investments are subject to a range of risks, including, without limitation: (1) currency exchange rate fluctuations; (2) differences between the Saudi real estate market and foreign real estate markets; (3) variations in accounting, auditing, financial reporting standards, disclosure requirements, and levels of regulatory oversight; (4) economic and political instability; and (5) the possibility of foreign taxation on income and gains derived from such assets.

  These factors may adversely affect the value of the Fund's non-Saudi investments and, consequently, the overall value of the units. The Fund Manager intends to invest in jurisdictions with regulatory and supervisory frameworks at least comparable to those applicable in the Kingdom of Saudi Arabia. However, if any of the above risks materialize, they may adversely affect the Fund's profits and/or asset valuations, thereby negatively impacting the unit price.

- Currency Exchange Rate Risk: The Fund's functional currency is the Saudi Riyal; however, the Fund may undertake investments or transactions denominated in various other currencies. Any fluctuations in the exchange rates of these currencies may adversely affect the value of the Fund's investments and the price of its units.

- Unequal Access to Information Risk: The Fund will issue a portion of its units to existing property owners as an in-kind contribution. Given the nature of real estate operations, there is a possibility that certain investors may have relationships with current property owners. As a result, there is a risk that such property owners and some or all of these investors may obtain material information that is not available to, or not recognized as material by, the Fund Manager.

  In addition, such parties may be able to interpret or act upon information in a timely manner in a way that may not be possible for the Fund Manager or other investors. This may result in an imbalance in access to or interpretation of information among investors.

- Real Estate Investment Risk: Investment in the Fund's units is subject to risks inherent in property ownership and the real estate sector generally. The value of the Fund's investments may be adversely affected by a range of factors, including declines in property values, illiquidity of real estate assets, adverse local economic conditions, natural disasters, increases in financing costs, deterioration in tenants' financial condition, increases in property taxes, changes in land use or zoning regulations, and heightened market competition.

Any of these factors may adversely affect the Fund's investments and returns.

- Availability of Suitable Investment Opportunities Risk: The Fund Manager has identified the Fund's investments as of the date of these Terms and Conditions, and investors will not have the opportunity to assess the economic, financial, or other relevant information relating to future investments.

  There is no assurance that the Fund Manager will be able to identify and execute future investment opportunities in a manner that achieves the Fund's investment objectives. The market for suitable investments is highly competitive, and such competition may adversely affect the Fund's ability to secure appropriate investments, which may in turn negatively impact the Fund's performance and returns.

- Real Estate Development Risk: Although real estate development projects are not expected to constitute a significant portion of the Fund's assets in the future, the real estate development sector in the Kingdom is subject to various risks, including those associated with the construction and marketing of new projects.

  Such risks include, without limitation, delays in project completion, cost overruns, failure to achieve expected leasing levels, and force majeure events arising from factors beyond the Fund's control, particularly those related to the contracting and construction sector.

  The initiation of new development projects also involves additional risks, including obtaining the necessary governmental approvals and permits for land subdivision, occupancy, and other required authorizations, as well as incurring development costs for projects that may not be completed.

  The successful completion of such projects will have a direct and material impact on the value of the Fund's units, and any failure or delay in completion may adversely affect investor distributions and the Fund's net asset value.

- Failure to Obtain Building Completion Certificates Risk: Where the Fund invests in real estate development projects, such investments are subject to risks commonly associated with property development in the Kingdom. One such risk is the developer's delay or inability to complete projects due to temporary measures imposed by the Ministry of Municipal and Rural Affairs, which may include the closure of non-compliant properties, as well as fines ranging from SAR 500 to SAR 5,000 for each violation.

  Such circumstances may arise due to the inability to obtain required building completion certificates for the project, which cannot be issued unless all requirements for the building completion permit under applicable municipal laws and regulations are satisfied. Failure to meet these requirements may result from, without limitation, force majeure events affecting the contracting and real estate development sector, changes in applicable laws and regulations, or other related causes.

  If such risks materialize, they may have a material adverse effect on the Fund, including its financial position, results of operations, and its ability to distribute dividends to unitholders. It is noted that efforts are currently being made to obtain all required completion certificates in order to avoid violations of municipal and rural regulations.

- Failure to Obtain or Renew Required Regulatory Licenses Risk: The Fund may be unable to achieve its investment objectives if it fails to obtain or renew the regulatory licenses required to conduct its activities. In such circumstances, the Fund may be prevented from proceeding with investment or development activities, which may adversely affect the value of the units, as anticipated development returns may not be realized within the expected timeframe.

- Increased Construction Costs Risk: The cost of constructing real estate projects may exceed initial estimates for various reasons, including, without limitation, labor disputes, disputes with subcontractors, increases in the cost of construction materials, equipment and labor, adverse weather conditions, and unforeseen issues or circumstances.

  Where feasible, such cost overruns may be mitigated through fixed-price construction contracts with contractors, including appropriate contingency provisions. Nevertheless, such risks may adversely affect the Fund's investments and returns.

- Infrastructure Risk: With respect to properties under development, the Fund will depend on the relevant government authorities and municipalities to provide the necessary infrastructure for development sites, including water, sewage, electricity, and road networks. If such authorities are unable to complete infrastructure works within the expected timeframe or to the anticipated standards, this may impair the Fund's ability to complete or operate the relevant properties.

  Any such delays may negatively affect the Fund's performance due to postponement of operational commencement as planned, which may in turn result in reduced distribution levels to unitholders.

- Financing Risk: The Fund's assets may be subject to financing arrangements, which could adversely affect the income generated by the Fund or result in a loss of capital. Any financing facilities obtained by the Fund are expected to have a material impact on the value of its assets, as borrowing may lead to fluctuations in asset valuations or expose the Fund to the risk of capital loss.

  While leverage may enhance returns, it also involves a high degree of financial risk and may expose the Fund to increased financing costs, as well as adverse economic conditions. In addition, the Fund's assets may be pledged to lenders solely for the benefit of the Fund. In the event of a default by the special purpose vehicle, the Fund Manager, or the Fund itself, the lender may have the right to enforce claims over the pledged assets.

- Competitive Activity Risk: The Fund operates in a competitive environment alongside other real estate owners, operators, and developers within the Kingdom of Saudi Arabia. Some competitors may own or operate similar properties in the same locations as the Fund's assets.

  If competitors lease or sell comparable residential or commercial properties at prices equal to or lower than the Fund's valuation of similar assets, the Fund may be unable to lease or sell its properties on favorable terms, or may be unable to lease or sell them at all. This may increase operating costs due to additional expenditures required to maintain competitiveness, reduce stable rental income, and consequently lower distribution levels to unitholders.

- Inability to Exit Investments on Favorable Terms Risk: The Fund will dispose of its real estate and other assets at such times as the Fund Manager deems appropriate for sale. The ability of the Fund to dispose of its assets on suitable and favorable terms depends on a range of factors beyond its control, including competition from other sellers and the availability of financing options attractive to potential buyers.

  If the Fund is unable to sell its assets on favorable terms, its financial position, results of operations, cash flows, and ability to distribute profits to unitholders may be adversely affected.

- Counterparty Default and Credit Risk: The Fund is exposed to credit risk arising from counterparties with whom it conducts business and may bear the risk of settlement default. The Fund may also, in certain circumstances, be exposed to the risk that counterparties fail to meet their contractual obligations, including landowners, property managers, lending banks, and contractors.

  Any breach by third-party contractors in fulfilling their contractual obligations or in paying amounts due to the Fund may result in a reduction in the Fund's expected income and, consequently, in returns to unitholders.

  The Fund will also invest surplus cash in Sharia-compliant *murabaha* and *mudaraba* funds. Although such instruments are generally considered low risk, there remains a possibility of default by counterparties and financial institutions with which the Fund transacts, which may adversely affect the Fund's financial position.

- Tenants' Inability to Meet Lease Obligations Risk: The Fund's performance may be adversely affected if a significant number of tenants are unable to meet their lease obligations. In addition, if a tenant becomes subject to bankruptcy, insolvency, or similar proceedings, it may terminate its lease agreement, resulting in reduced cash flows for the Fund.

  If a large number of tenants default or become insolvent, the Fund's cash flow and its ability to make distributions to unitholders may be adversely affected.

- Lease Termination Risk: Lease agreements with current or future tenants may be terminated in the event of a breach by either party to the agreement, resulting in early termination of the lease.

  In such circumstances, the Fund's cash flows and its ability to make distributions to investors may be adversely affected unless the Fund is able to re-let the affected properties in a timely manner.

- Lease Term Risk: Some of the Fund's asset leases are short-term, typically ranging from one to two years. If such lease agreements are not renewed prior to expiry, the relevant spaces may remain vacant until a new tenant is secured.

  In adverse economic conditions, these spaces may remain vacant for extended periods, or new leases may be entered into at rental rates lower than anticipated. This may negatively affect cash distributions to unitholders and, consequently, the value of their investment in the Fund.

- Early Termination of Lease Agreements Risk: Certain Fund assets may be leased to a single tenant under long-term lease agreements. Various factors beyond the reasonable control of the parties may result in the early termination of such leases.

  This may lead to a temporary interruption or suspension of rental income while the Fund Manager and the tenant assess the appropriate course of action for managing the asset. Such events may significantly reduce the Fund's income compared to previous levels and may result in potential capital losses.

- Long-Term Lease Agreements Risk: The Fund may enter into long-term lease agreements with tenants for periods exceeding 10 years. Such agreements may or may not include rental escalation clauses.

  In the event of increases in operating costs, inflation, exchange rates, or property values while rental income remains fixed, the rental return may decline. In addition, due to the long duration of such leases, the Fund may be unable to renegotiate terms to reflect prevailing market conditions until the lease expires.

  As a result, returns may be lower than prevailing market returns, which may also adversely affect the valuation of the underlying assets and the price of the Fund's units.

- Full Repair and Insurance Lease Obligations Risk: Certain target real estate assets have been leased under agreements substantially similar to full repair and insurance leases, pursuant to which the tenant assumes responsibility for all maintenance costs, as well as services, insurance, and the payment of taxes and fees directly related to the relevant property.

  Although these agreements have been approved by the Fund's Sharia supervisory board, there is no assurance that the competent courts in the Kingdom will determine that such lease arrangements, or related contractual provisions, are Sharia-compliant or enforceable in their current form, particularly with respect to provisions assigning tenants responsibility for structural repairs and for the payment of taxes and fees relating to the underlying real estate assets.

  If a competent court determines that such arrangements are not Sharia-compliant, the Fund may incur significantly higher expenses. This may have a material adverse effect on the Fund's financial position and may result in reduced distributions to unitholders and a consequent decline in the value of the Fund's units.

- Inability to Renew Leases or Re-let Space upon Expiry Risk: The Fund will derive a substantial portion of its income from rental payments made by tenants of its properties. Accordingly, the Fund's financial position, results of operations, cash flows, and ability to make distributions to investors may be adversely affected if the Fund is unable to promptly re-let properties, renew existing lease agreements, or if rental rates upon renewal or re-letting are lower than expected.

  Upon expiry of any lease agreement, there is no assurance that it will be renewed or that a new tenant will be secured. In addition, the terms of any replacement lease may be less favorable to the Fund than those of the existing agreement.

  In the event of tenant default, the landlord may face delays or limitations in enforcing its rights and may incur significant costs in protecting the Fund's interests. Furthermore, the Fund's ability to lease its properties, as well as the rental rates achievable, is influenced not only by tenant demand but also by the availability of competing properties in the market seeking to attract tenants.

- Prolonged Property Vacancy Risk: Where any real estate units remain vacant for extended periods due to lease expiry without renewal, tenant default (whether in the lawful or unlawful completion of the lease term), tenant bankruptcy, lease termination, non-renewal, or any other reason, the Fund may experience a reduction in income and, consequently, lower periodic distributions to investors.

  In addition, since property values are largely dependent on their associated lease agreements, properties that remain partially or fully unleased for extended periods may experience a decline in valuation. As a result, returns from the potential sale of such properties may also decrease, which may adversely affect the Fund's investments, returns, and distributions.

- Uninsured Losses Risk: The Fund will maintain commercial liability insurance, property insurance, and other insurance coverage for all properties owned and managed by the Fund, in types and coverage limits deemed appropriate and sufficient in light of the relevant risks, at commercially reasonable cost levels, and in accordance with industry practice.

  The Fund may also obtain insurance coverage for certain risks such as terrorism, storms, floods, or seismic events, subject to policy limitations and exclusions. However, the Fund may still incur material losses that exceed the proceeds of insurance coverage and may be unable to obtain insurance on commercially reasonable terms in the future.

  In the event that the Fund suffers an uninsured loss or a loss exceeding its insurance coverage in respect of one or more properties, it may lose the invested capital in the affected assets as well as the expected future income generated therefrom.

  Any such loss may materially and adversely affect the Fund's financial position, results of operations, cash flows, and its ability to make distributions to investors.

- Property Valuation Risk: For the purpose of estimating the value of properties within the Fund's investment portfolio, the Fund Manager may conduct internal valuation assessments in certain cases, in addition to valuations prepared by independent professional valuers.

  Valuations performed by the Fund Manager are intended solely to estimate the value of the relevant properties and do not represent a definitive indication of the price that may be achieved upon disposal of such assets. The actual market value ultimately depends on negotiations between buyers and sellers, which may be influenced by economic conditions and other factors beyond the control of the Fund and the Fund Manager, including general market conditions.

  If the Fund decides to liquidate its assets, the realized sale value may be higher or lower than the estimated valuation of those assets. During periods of economic volatility, when uncertainty regarding valuation increases and comparable market transactions are limited, the difference between estimated values and actual market values may widen.

- Expropriation Risk: Certain government authorities in the Kingdom have the right to compulsorily acquire real estate for public interest purposes, including, without limitation, the construction of roads and public utilities. In practice, compensation is typically based on the market value of the property.

  In the event of expropriation, the relevant property may be compulsorily acquired after an unspecified notice period. Although compensation may be payable, there is no assurance that such compensation will be sufficient to cover the original investment amount, lost income, or any appreciation in the value of the property.

If this risk materializes, distributions to unitholders, the unit price, and the trading value of the units may decline, and unitholders may lose part or all of their invested capital.

- Non-Compliance with Applicable Regulations Risk: The Fund may become ineligible to qualify as a listed real estate investment fund under the regulations governing listed real estate investment funds, which could adversely affect the value of investors' investments.

  The requirements for maintaining the Fund's status as a listed real estate investment fund have not been fully tested. In addition, future changes, including changes in interpretation, may be introduced to the requirements for maintaining such status. It should also be noted that the relevant regulations are newly issued and lack established precedents or settled interpretations.

  Furthermore, potential investors should be aware that there is no assurance that the Fund will continue to maintain its status as a listed real estate investment fund after listing, whether due to failure to meet regulatory requirements or for any other reason.

  In the event of non-compliance with any requirements necessary to maintain such status, the Capital Market Authority may suspend trading of the Fund's units or cancel its listing. The inability to maintain listing on the Saudi Stock Exchange (Tadawul) may adversely affect the marketability, liquidity, and value of the units.

- Decline in the Value of the Fund's Assets Risk: Investments in real estate ownership, leasing, development, or redevelopment activities are subject to a range of risks, including, without limitation, risks associated with the general local economic environment, local real estate market conditions, changes in supply and demand for real estate, uninsured or uninsurable risks, natural disasters, governmental regulations and decisions, changes in property taxes, fluctuations in return rates, and the availability of mortgage financing that may make the sale or refinancing of properties difficult or impractical.

  Additional risks include environmental liabilities, potential obligations arising from asset disposal, and other factors beyond the control of the Fund Manager. All such factors may result in a decline in the value of the Fund's assets.

- Legal, Regulatory, Tax, and Zakat Risk: The information set out in these Terms and Conditions is based on the laws and regulations in effect at the time of issuance. During the term of the Fund, changes to legal, tax, zakat, and regulatory frameworks may occur in the Kingdom or other relevant jurisdictions, which may adversely affect the Fund, its investments, or its unitholders.

  The Fund's ability to pursue legal remedies in the event of disputes may be limited, and it may be required to bring claims before the courts of the Kingdom of Saudi Arabia. The enforcement of lease agreements and other contractual arrangements through the judicial system may be a lengthy and complex process, and outcomes are inherently uncertain.

  In addition, governmental authorities and entities in the Kingdom, including notaries public, exercise significant discretion in the application of existing laws and regulations. Any changes in legislation or delays in implementation by relevant authorities may adversely affect the Fund.

  While there are currently no taxes imposed on investment funds in the Kingdom of Saudi Arabia, there is no assurance that the existing tax framework will not change in the future. Local tax authorities also retain the right to assess zakat on all unitholders.

- Governmental and Municipal Approvals Risk: The Fund may be unable to achieve its investment objectives if any required governmental or municipal approvals or consents are denied or granted subject to burdensome conditions.

  In such circumstances, the Fund may be unable to complete its investments or develop properties in a manner that generates anticipated income, which may result in reduced expected cash returns to unitholders.

- Saudization Risk: The Ministry of Labor in the Kingdom requires a high proportion of Saudi nationals to be employed within the real estate development sector (Saudization). The extent to which the Fund and its investments will be subject to Saudization requirements is currently uncertain.

  Compliance with Saudization policies may require the recruitment of additional Saudi nationals or provision of additional training, which may increase operating and management costs associated with the Fund's properties beyond initial expectations.

  Such costs are charged against the Fund's net income and may therefore reduce net profits available for distribution to unitholders.

- Litigation with Third Parties Risk: The Fund's activities relating to its assets may expose it to the risk of legal disputes with third parties. The Fund will bear the costs associated with defending such claims, as well as any settlement amounts or court judgments, which may reduce the Fund's net assets and consequently decrease distributions to unitholders.

- Legal and Regulatory Risk: The Fund and the value of its units may be adversely affected by changes in laws and regulations governing real estate and/or investment activities in the Kingdom of Saudi Arabia. Such changes may include, without limitation, amendments to ownership regulations, construction permitting requirements, regulatory approvals, financing rules, real estate investment regulations, registration laws, and litigation procedures, among others.

  Any such regulatory changes may negatively affect the Fund's profits and/or the valuation of its assets.

- Compliance with Islamic Sharia Principles Risk: The Fund will invest only in opportunities that comply with Islamic Sharia principles, as determined by the Fund's Sharia Committee, including compliance in relation to management, financing, and all other Fund-related activities. This may restrict the Fund's ability to execute certain investments or result in the loss of non-Sharia-compliant investment opportunities.

While the Fund seeks to ensure that all investments comply with Islamic Sharia principles, there is no guarantee that interpretations of Sharia compliance will be uniform, as standards may differ between Sharia advisors. Investors are advised to consult their own Sharia advisors.

- Changes in Interest Rates Risk: The Fund's net asset value and returns may be affected by fluctuations in market interest rates, whether increases or decreases, particularly where the Fund utilizes financing or borrowing instruments.

  Increases in prevailing interest rates may also lead to higher required returns in the real estate market, which may adversely affect the valuation and sale price of real estate assets upon exit.

- Credit Risk: The Fund Manager may invest in Sharia-compliant murabaha funds denominated in Saudi Riyals or enter into short-term murabaha transactions during the Fund's term, as stated in section (F), subsection (3) ("Methods and Means of Investing Available Cash in the Fund") of these Terms and Conditions.

  Such activities may expose the Fund to credit risk in the event that a counterparty is unable or fails to fulfill its contractual obligations on time. This may adversely affect the Fund's performance and the value of its units, and consequently negatively impact the Fund's profits and/or asset valuation.

- Geographic Concentration Risk: The Fund's assets will be concentrated in diversified real estate properties located within the Kingdom of Saudi Arabia. As a result, geographic diversification is limited, and the Fund may be exposed to risks arising from events or changes in market conditions specific to the Saudi real estate market, which may adversely affect the Fund's performance.

  In addition, the Fund may have sectoral concentration in one or more areas, including but not limited to commercial real estate, office real estate, and warehousing sectors. Where investments are concentrated in specific sectors, the Fund may be more exposed to economic downturns than if its portfolio were diversified across multiple sectors.

  Accordingly, such downturns may have a material adverse effect on the Fund's financial position, results of operations, cash flows, and its ability to make distributions to investors.

- Natural Disasters and Other Factors Beyond the Fund's Control Risk: Real estate assets may be exposed to physical damage resulting from fire, storms, earthquakes, or other natural disasters, as well as from other causes such as terrorist attacks. In the event of any such occurrence, the Fund may lose the capital invested in the affected real estate assets, as well as expected income.

  In addition, there is no assurance that any resulting losses, including loss of rental income, will be fully covered by insurance. Certain risks and losses, such as those arising from terrorism, acts of war, or certain natural disasters, may not be insurable on an economically viable basis, or may not be insurable at all.

  If such events occur—particularly where losses are uninsured or uninsurable, or where insurance proceeds are insufficient to repair or replace the affected assets—this may have a material adverse effect on the Fund's business, financial position, cash flows, and operating results.

- Property Integrity Risk: With respect to the integrity of the Fund's properties, the Fund will rely on the property manager and/or tenants to maintain the condition of the assets and to provide the necessary insurance coverage.

  If the property manager and/or tenants are unable to maintain the integrity of the buildings or to carry out required maintenance in a timely manner, this may impair the Fund's ability to complete or operate the properties, and may adversely affect the Fund's performance due to delays in commencing operations.

- Force Majeure Risk: During the development phase of projects, the Fund may be exposed to force majeure events, meaning events beyond its control, including acts of God, fire, floods, war, terrorist acts, earthquakes, strikes, and governmental orders or decisions.

  Such events may result in delays in project completion or may reduce the value of the Fund's investments.

- Forward-Looking Statements Risk: These Terms and Conditions may include forward-looking statements relating to future events or the future performance of the Fund. In certain cases, such statements may be identified by expressions such as "we expect," "we believe," "continues," "we estimate," "we anticipate," "we intend," "may," "plans," "projects," "is expected to," "will," or the negative of such terms, or other similar terminology.

  These statements reflect expectations only, and actual events or results may differ materially. When assessing such statements, investors should consider a range of factors, including the risks set out in this section, as these factors may cause actual outcomes to differ significantly from those expressed or implied in forward-looking statements.

  The Fund Manager assumes no obligation to update any forward-looking statements after the date of these Terms and Conditions to reflect actual results or changes in expectations.

- Other Parties Risk: The Fund engages with various third parties, including legal advisors, real estate advisors, operational service providers, collection entities, and a limited number of other counterparties, in order to implement and manage its investment policy.

  As these entities are independent and are not fully controlled by the Fund Manager, there is a risk that any of them may cease to work with the Fund, fail to perform their obligations adequately, or experience delays or underperformance. In addition, disputes or legal proceedings may arise with such parties, all of which may adversely affect the Fund.

- Conflicts of Interest Risk: The Fund Manager is required to exercise due care and diligence in managing the Fund in the best interests of unitholders and to act in good faith and with integrity.

  However, managers, officers, and employees of the Fund Manager and its affiliates may engage in activities or transactions on behalf of other funds or clients whose interests may conflict with those of the Fund.

- Usufruct Rights of the Commercial Complex in Riyadh Risk (as referred to in the " Overview of the Fund's Assets"): The Fund has acquired the usufruct right over the commercial complex pursuant to a usufruct purchase agreement for a continuous and binding term of five Gregorian years as a single contractual period, commencing on 01/12/2016 and ending on 28/02/2021.

  However, this arrangement is subject to obtaining written approval from the property owner authorizing the transfer of the usufruct right to the Fund, as the agreement between the owner and the tenant requires the owner's written consent for assignment to any third party. In all cases, the Fund Manager has obtained a promissory note from the tenant as security in the event that the owner does not approve or objects in any manner to the usufruct purchase agreement. There is no assurance that the owner will grant such approval.

- No Guarantee of Achieving Investment Returns in the Fund Risk: There is no guarantee that the Fund will generate returns for investors, or that any returns achieved will be commensurate with the risks associated with investing in the Fund and the nature of the transactions described in these Terms and Conditions.

  Accordingly, there is no assurance that investors will recover the principal amount invested, whether in whole or in part, or receive any returns as a result of their investment.

- Real Estate Ownership Risk: Property ownership in the Kingdom presents a number of potential legal issues. There is no fully effective or binding centralized real estate registry system in place, and title deeds do not necessarily constitute complete proof of ownership or unrestricted rights of disposition.

  As a result, legal disputes may arise in relation to the Fund's real estate assets, which may limit the Fund's ability to dispose of or transfer such assets free from mortgages or other encumbrances. In some cases, such disputes may result in the Fund losing ownership of assets that were believed to have been lawfully acquired.

  Such disputes and ownership conflicts may have a material adverse effect on the value of the underlying real estate assets and, consequently, on the value of the Fund's units.

- Financing Risk: The Fund's use of financing and borrowing may enhance returns; however, it also entails a high degree of financial risk that may expose the Fund and its investments to factors such as increased financing costs and economic downturns.

  It may also involve the mortgaging of the Fund's assets in favor of lenders or financiers, as well as the risk that a lender or financier may demand immediate repayment in the event of delay or default in the payment of any amounts due under the relevant financing agreements. Any such event may adversely affect the Fund's performance.

- Legal Status Risk: As is generally understood, the Fund does not have a separate legal personality; instead, a contractual relationship is established between the Fund Manager and the unitholders upon execution of the Terms and Conditions. This relationship is governed and supervised by the relevant regulatory authority.

  Accordingly, the extent to which the legal distinction between the Fund's status and that of the Fund Manager would be recognized by governmental or judicial bodies is uncertain and has not, to the best of the Fund Manager's knowledge, been previously tested. If this uncertainty materializes, it may adversely affect the Fund.

- Occupancy Rate Risk: The occupancy levels of the Fund's real estate assets may be affected by political, economic, commercial, and other conditions within the Kingdom of Saudi Arabia. Such fluctuations may negatively impact the Fund's ability to achieve its investment objectives and may consequently adversely affect its performance.

- Cost Increase Risk: Increases in maintenance, management, operating, or insurance costs associated with the Fund's real estate assets may adversely affect the Fund's returns.

  While the Fund Manager may implement measures intended to mitigate such cost increases, there is no assurance that such measures will be effective in fully offsetting or preventing them.

2) Investment in the Fund Does Not Constitute a Guarantee of Profit or Absence of Loss

Unitholders should note that investment in the Fund does not guarantee profits or protection against losses, as the Fund's investments are exposed to the risk of partial or total loss of their actual value.

Past performance of real estate prices is not necessarily indicative of future performance. Investment in the Fund does not constitute a bank deposit with any local financial institution.

H. Subscription

1) Key Dates and Procedures for the Initial Subscription

Expected Offering Timeline

Item	Date or Time
Offering period	8 business days from the start date of the offering
Offering start date	09/04/1439 A.H. corresponding to 27/12/2017
Offering end date	20/04/1439 A.H. corresponding to 07/01/2018
Extension of offering period	One Gregorian month from the offering end date, subject to CMA approval
Announcement of unit allocation and refund of excess amounts	Within 15 business days from the offering end date
Registration of assets in the name of the custody bank subsidiary for the benefit of the Fund, execution of lease agreements, and listing of units on the Saudi Stock Exchange (Tadawul)	Within 60 business days from the offering end date

Subscription Mechanism in the Fund

- General Subscription Conditions

1. A valid identification document.
2. An active investment portfolio with an authorized person.
3. Availability of an IBAN bank account in the name of the investor, from which the subscription amount will be transferred and to which any surplus after allocation will be refunded.
4. Submission of complete subscription documentation, including: signed Terms and Conditions, a fully completed and signed subscription form, a copy of the bank transfer, and a copy of the investor's ID signed by the investor.

Subscription Mechanism in the Fund through Derayah Financial

Step One: Obtaining the Terms and Conditions

Prospective subscribers may obtain a copy of the Terms and Conditions by accessing the Fund Manager's website – Derayah Financial (www.derayah.com) – or by visiting the company's head office in Riyadh, or its branches in Dammam or Jeddah.

Any individual wishing to subscribe to the Fund must review the Terms and Conditions, sign them, and retain a copy for submission to the Fund Manager at a later stage.

Step Two: Completing the Subscription Form

The investor may obtain the subscription form via the Fund Manager's website (www.derayah.com) or by visiting the Fund Manager's head office in Riyadh or its branches in Dammam or Jeddah.

The investor must fully complete and sign the subscription form, or complete the subscription request electronically and approve it when using the electronic subscription option.

Step Three: Bank Transfer

The full subscription amount must be transferred, subject to a minimum of SAR 10,000 and a maximum of SAR 50,000,000, in addition to a subscription fee equal to 2.0% of the subscription amount during the offering period, to the following account:

- Bank name: Arab National Bank
- Account name: Derayah REIT Fund
- Account number: 0108058016630154
- IBAN: SA6430400108058016630154

For example, if an investor subscribes for the minimum amount of SAR 10,000, the total transfer required will be SAR 10,200, consisting of the subscription amount (SAR 10,000) plus the subscription fee (SAR 200). A copy of the bank transfer receipt must be retained.

The investor must then submit all required documents outlined in Steps One, Two, and Three in hard copy to the Fund Manager's head office in Riyadh or its branches in Dammam or Jeddah, or alternatively use the electronic subscription feature available on the Fund Manager's website.

No subscription request or bank transfer will be accepted after the last business day of the subscription period.

After submission, subscription details cannot be amended; however, the subscription may be cancelled and resubmitted as a new request. Once a subscription has been approved and confirmed, it cannot be cancelled.

In all cases, investors must ensure that all subscription requirements and documents are properly completed and submitted, or uploaded through the Fund Manager's website.

Step Four: Subscription Receipt Confirmation

For electronic subscriptions, the Fund Manager will send an acknowledgment confirming receipt of the subscription request to the investor either by email or by SMS to the mobile number registered in the electronic subscription service.

For subscriptions submitted in paper form at the Fund Manager's head office or any of its branches, the staff member who receives the subscription documents will issue the investor a written confirmation of receipt.

Receiving the subscription request does not mean it has been accepted.

Step Five: Acceptance of the Subscription Request

The subscription request is reviewed within three business days. If the request is incomplete or has any remarks, the investor will be informed by email or SMS sent to the mobile number registered in the electronic subscription service and must complete the required information within one business day of being notified. If the request meets all requirements, the investor will be notified that it has been accepted.

Step Six: Allocation Notification

Once the offering period ends and units are allocated to investors according to the specified allocation mechanism, the Capital Market Authority is notified within ten business days. The final results of the offering and the allocation of units are then published through the Fund Manager’s website.

Step Seven: Surplus Refund and Listing

After the final allocation announcement and within ten business days, any excess amounts will be refunded to investors in full without any deduction, after deducting the value of the allocated units and subscription fees. The allocated units will then be credited to investors’ investment portfolios with the licensed brokerage firm through the Saudi Stock Exchange (Tadawul).

Subscription Through Other Receiving Entities

Arab National Bank:

An investor may subscribe if they maintain a bank account with Arab National Bank and have an active investment portfolio with ANB Invest. The subscription process can be completed through the bank's electronic channels by accepting the terms and conditions and completing the electronic subscription application. Alternatively, investors may subscribe through the bank's branches by submitting a signed copy of the terms and conditions along with a signed subscription application.

National Commercial Bank:

An investor may subscribe if they hold an account with National Commercial Bank and have an active investment portfolio with NCB Capital. The subscription process is completed through the bank's electronic channels after accepting the terms and conditions and filling out the electronic subscription form. Alternatively, investors may complete the subscription through the bank's branches by providing a signed copy of the terms and conditions and a signed subscription application.

Riyad Bank:

An investor may subscribe if they maintain a bank account with Riyad Bank and have an active investment portfolio with Riyad Capital. Subscription may be completed through the bank's electronic channels after accepting the terms and conditions and completing the electronic subscription application. Investors may also subscribe through the bank's branches by submitting a signed copy of the terms and conditions together with a signed subscription application.

Required Documents by Investor Category

<u>Documents required from all investors:</u>

- A copy of the bank transfer issued from a bank account in the investor's name, showing the total amount including both the subscription amount and the subscription fee, if the subscription request is submitted via the Fund Manager.
- A signed copy of the Terms and Conditions.
- A fully completed and signed subscription form.

<u>Documents required from individuals:</u>

- A copy of the national ID for Saudi citizens, or a valid residency permit (Iqama) for residents.

Documents required for minors:

- A separate bank transfer must be made for each minor from the guardian's same bank account, if the minor does not hold a bank account or investment portfolio.
- The following documents must also be provided:
  - A copy of the national ID for Saudi minors aged 15 Hijri years to under 18 Hijri years, or a family record (family registry) for those under 15 Hijri years.
  - A copy of the residency permit for resident minors under 18 Hijri years.
  - A copy of the guardian's valid national ID for Saudi nationals or valid residency permit for residents.

Documents required for companies:

- A copy of the commercial registration stamped with the company seal.
- A copy of the articles of association and bylaws stamped with the company seal.
- A copy of the authorized signatory's ID, stamped with the company seal and signed by the authorized signatory.

Documents required for investment funds:

- A copy of the Fund Manager's commercial registration stamped with the company seal.
- A copy of the Fund Manager's articles of association and bylaws stamped with the company seal.
- A copy of the Fund Manager's license to conduct activity.
- A copy of the Fund's Terms and Conditions.
- A copy of the Capital Market Authority's approval for the fund offering.
- A copy of the authorized signatory's ID, stamped with the company seal and signed by the authorized signatory.

Documents required for investment portfolios:

- A copy of the portfolio owner's ID.
- A copy of the portfolio manager's Commercial Registration, stamped with the company seal.
- A copy of the portfolio manager's Articles of Association and Memorandum of Association, stamped with the company seal.
- A copy of the portfolio manager's license to practice activity.
- A copy of the investment portfolio management agreement.
- A copy of the authorized signatory's ID, stamped and signed by the authorized signatory.

Important notes:

- The investor is responsible for ensuring the accuracy of the registered data and submitted documents; the fund manager is not liable for any resulting errors.
- The subscription amount must exactly match the executed bank transfer(s). Any discrepancy, whether increase or decrease, will result in rejection of the subscription request.
- Any transfer made from a bank account other than the one registered with the fund manager at the time of subscription will be rejected. The bank account must be in the investor's name.
- For inquiries, contact the fund manager at 011 299 4311 or via email at reit@derayah.com.

Unit Allocation Mechanism

The Fund Manager plans to offer 107,507,035 units at a price of SAR 10 per unit. The breakdown of cash and in-kind contributions, along with their values and allocations, is shown below:

Subscriber	Property Owner No.	Number of Units	Value (SAR)	Percentage	Subscription Method
Khalid bin Abdulaziz Al-Muqirin#	1	20,000,000	200,000,000	18.60%	In-kind
Motoon Real Estate Company	8 and 9	6,056,875	60,568,750	5.63%	In-kind
Nesaj Urban Development Company	7 and 11	5,403,000	54,030,000	5.03%	In-kind
Abdul Latif & Mohammed Al-Fozan Company	6 and 12	5,092,421	50,924,210	4.74%	In-kind
Retal Urban Development Company	10, 14 and 15	2,856,000	28,560,000	2.66%	In-kind
Ahmed bin Saeed bin Abdullah Al-Sayyed#	3, 4 and 5	2,130,161	21,301,610	1.98%	In-kind
Khalid bin Saeed bin Abdullah Al-Sayyed#	3, 4 and 5	2,130,161	21,301,610	1.98%	In-kind
Abdulrahman bin Saeed bin Abdullah Al-Sayyed#	3, 4 and 5	2,130,161	21,301,610	1.98%	In-kind
Abdulwahab bin Saeed bin Abdullah Al-Sayyed#	3, 4 and 5	2,130,161	21,301,610	1.98%	In-kind
Mohammed bin Saeed bin Abdullah Al-Sayyed	3, 4 and 5	2,130,161	21,301,610	1.98%	In-kind
Noura bint Jibraan bin Hizam Al-Qahtani	3, 4 and 5	1,749,775	17,497,750	1.63%	In-kind
Buruj Cooperative Insurance Company	2 and 13##	1,488,815	14,888,150	1.38%	In-kind
Ahmed Ibrahim Sroui	2 and 13##	1,473,927	14,739,268	1.37%	In-kind
Abdulaziz bin Saeed bin Abdullah Al-Sayyed	3 and 4	1,393,965	13,939,650	1.30%	In-kind
Abdullah bin Saeed bin Abdullah Al-Sayyed	3 and 4	1,393,965	13,939,650	1.30%	In-kind
Derayah Financial (Fund Manager)#	2 and 13##	1,387,542	13,875,423	1.29%	In-kind
Asmaa bint Saeed bin Abdullah Al-Sayyed	3, 4 and 5	1,065,080	10,650,800	0.99%	In-kind
Muneera bint Saeed bin Abdullah Al-Sayyed	3, 4 and 5	1,065,080	10,650,800	0.99%	In-kind
Haya bint Saeed bin Abdullah Al-Sayyed	3, 4 and 5	1,065,080	10,650,800	0.99%	In-kind
Abdullah Hammoud Al-Khaldi	2 and 13##	680,885	6,808,848	0.63%	In-kind
Saad Mohammed Al-Shamisi	2 and 13##	586,593	5,865,931	0.55%	In-kind
Ibrahim Abdulrahman Al-Qwaiz	2 and 13##	487,587	4,875,869	0.45%	In-kind
Saad Abdulrahman Al-Bawardi	2 and 13##	486,346	4,863,463	0.45%	In-kind
Abdulrahman Yahya Al-Sharida	2 and 13##	291,808	2,918,078	0.27%	In-kind
Hind Abdulaziz Al-Sheikh	2 and 13##	272,354	2,723,539	0.25%	In-kind
Abdullah Ibrahim Al-Qwaiz	2 and 13##	248,136	2,481,358	0.23%	In-kind
Fatimah Abdulrahman Rahmani	2 and 13##	248,136	2,481,358	0.23%	In-kind
Hamed Mohammed Heneidi	2 and 13##	196,524	1,965,236	0.18%	In-kind
Muhannad Yusuf Tayeb	2 and 13##	196,524	1,965,236	0.18%	In-kind
Muayyad Yusuf Tayeb	2 and 13##	196,524	1,965,236	0.18%	In-kind

Subscriber	Property Owner No.	Number of Units	Value (SAR)	Percentage	Subscription Method
Haif Masfer Al-Salem	2 and 13##	196,524	1,965,236	0.18%	In-kind
Batla Abdulmalik Al-Sebait	2 and 13##	194,539	1,945,385	0.18%	In-kind
Hamad Abdulaziz Al-Yousef	2 and 13##	194,539	1,945,385	0.18%	In-kind
Hessa Ali Al-Tamimi	2 and 13##	165,358	1,653,577	0.15%	In-kind
Derayah Flexible Fund	2 and 13##	148,125	1,481,246	0.14%	In-kind
Tareq Abdulrahman Al-Sadhan	2 and 13##	121,587	1,215,865	0.11%	In-kind
Munira Abdullah Bin Adwan	2 and 13##	99,254	992,544	0.09%	In-kind
Nouf Mohammed Bin Sultan	2 and 13##	99,254	992,544	0.09%	In-kind
Ahmed Suleiman Al-Saif	2 and 13##	98,750	987,498	0.09%	In-kind
Salman Mohammed Al-Jishi	2 and 13##	98,750	987,498	0.09%	In-kind
Saleh Abdulaziz Al-Omair	2 and 13##	98,750	987,498	0.09%	In-kind
Abdulaziz Abdullah Al-Eisa	2 and 13##	98,750	987,498	0.09%	In-kind
Abdulaziz Mohammed Al-Dakheel	2 and 13##	98,750	987,498	0.09%	In-kind
Mohammed Abdulaziz Al-Abdulqader	2 and 13##	98,750	987,498	0.09%	In-kind
Musaed Abdulmohsen Al-Bazai	2 and 13##	98,750	987,498	0.09%	In-kind
Khaled Saad Abu Al-Khabar	2 and 13##	97,269	972,693	0.09%	In-kind
Khalil Ibrahim Al-Sudais	2 and 13##	97,269	972,693	0.09%	In-kind
Raed Ahmed Al-Mashayekh	2 and 13##	97,269	972,693	0.09%	In-kind
Saud Ali Al-Saif	2 and 13##	97,269	972,693	0.09%	In-kind
Suleiman Dhahyan Al-Dhahyani	2 and 13##	97,269	972,693	0.09%	In-kind
Abdulaziz Hamad Al-Muqbil	2 and 13##	97,269	972,693	0.09%	In-kind
Abdulqadir Mahmoud Hussein	2 and 13##	97,269	972,693	0.09%	In-kind
Abdullah Abdulmohsen Al-Qurza'i	2 and 13##	97,269	972,693	0.09%	In-kind
Adnan Abdulrahman Al-Mansour	2 and 13##	97,269	972,693	0.09%	In-kind
Fatimah Saleh Al-Nuwaiser	2 and 13##	97,269	972,693	0.09%	In-kind
Mohammed Faisal Al-Ardi#	2 and 13##	44,499	444,992	0.04%	In-kind
Mohammed Ahmed Al-Taysan Al-Yami#	2 and 13##	37,159	371,589	0.03%	In-kind
Al-Baraa Ghaith Khugair#	2 and 13##	30,857	308,572	0.03%	In-kind
Ahmed Abdulrahman Al-Omar#	2 and 13##	30,857	308,572	0.03%	In-kind
Turki Mutab Al-Hamidani#	2 and 13##	30,857	308,572	0.03%	In-kind
Hassan Ikram#	2 and 13##	30,857	308,572	0.03%	In-kind
Sharif Abdulaziz Al-Sharif#	2 and 13##	30,857	308,572	0.03%	In-kind
Majed Mohammed Bin Faris#	2 and 13##	30,857	308,572	0.03%	In-kind
Mohammed Saeed Al-Shamasi#	2 and 13##	30,857	308,572	0.03%	In-kind
Mohammed Yasser Malik#	2 and 13##	26,765	267,646	0.02%	In-kind
Nawaf Mohammed Al-Qasim#	2 and 13##	25,401	254,005	0.02%	In-kind
Bilal Khaled Bshnak#	2 and 13##	24,036	240,363	0.02%	In-kind
Mishal Khaled Al-Haqbani#	2 and 13##	24,036	240,363	0.02%	In-kind
Hisham Ibrahim Al-Wali'i	2 and 13##	19,944	199,437	0.02%	In-kind
Essam Ali Al-Jishi#	2 and 13##	17,215	172,153	0.02%	In-kind
Imad Ali Naqroush#	2 and 13##	17,215	172,153	0.02%	In-kind
Mohammed Hussein Al-Qousi#	2 and 13##	17,215	172,153	0.02%	In-kind
Mohammed Tammakh Al-Barqawi#	2 and 13##	17,215	172,153	0.02%	In-kind
Noura Abdulaziz Al-Khalil#	2 and 13##	17,215	172,153	0.02%	In-kind
Abdulmohsen Mohammed Al-Banami#	2 and 13##	16,942	169,424	0.02%	In-kind
Ahmed Rakan Al-Turki#	2 and 13##	14,487	144,869	0.01%	In-kind

Subscriber	Property Owner No.	Number of Units	Value (SAR)	Percentage	Subscription Method
Najoud Khalid Al-Shammari#	2 and 13##	14,487	144,869	0.01%	In-kind
Taseer Abbas Shad#	2 and 13##	13,123	131,227	0.01%	In-kind
Turki Mohammed Al-Eidi#	2 and 13##	11,759	117,585	0.01%	In-kind
Sara Fawaz Al-Shammari	2 and 13##	11,759	117,585	0.01%	In-kind
Samia Taher Al-Taheri#	2 and 13##	11,759	117,585	0.01%	In-kind
Omar Abdulrahman Al-Othman#	2 and 13##	11,759	117,585	0.01%	In-kind
Fatimah Mohammed Al-Kathiri#	2 and 13##	11,759	117,585	0.01%	In-kind
Yasser Mohammed Ashour#	2 and 13##	11,759	117,585	0.01%	In-kind
Saad Musaed Al-Harbi#	2 and 13##	9,139	91,392	0.01%	In-kind
Amina Majed Al-Farra#	2 and 13##	9,030	90,300	0.01%	In-kind
Iman Bishit Al-Anazi#	2 and 13##	9,030	90,300	0.01%	In-kind
Kholoud Khalid Hajaj#	2 and 13##	9,030	90,300	0.01%	In-kind
Mohammed Ibrahim Al-Hunaydi#	2 and 13##	9,030	90,300	0.01%	In-kind
Mohammed Salman Ahmed Saeed#	2 and 13##	9,030	90,300	0.01%	In-kind
Hussamuddin Mohammed Badr#	2 and 13##	7,666	76,659	0.01%	In-kind
Mishari Luqman Al-Balooshi#	2 and 13##	7,666	76,659	0.01%	In-kind
Ahmed Mishari Al-Madi	2 and 13##	6,302	63,017	0.01%	In-kind
Jawaher Ibrahim Al-Shneifi#	2 and 13##	6,302	63,017	0.01%	In-kind
Mona Abdullah Al-Shneifi#	2 and 13##	6,302	63,017	0.01%	In-kind
Nouf Muslim Abu Thnain#	2 and 13##	6,302	63,017	0.01%	In-kind
Hadeel Abdulatif Al-Saleh#	2 and 13##	6,302	63,017	0.01%	In-kind
Mashael Saleh Al-Hediyan#	2 and 13##	5,483	54,832	0.01%	In-kind
Yasser Abdulrahman Al-Hawas#	2 and 13##	5,483	54,832	0.01%	In-kind
Khalid Ibrahim Al-Harishi#	2 and 13##	5,210	52,103	0.01%	In-kind
Abdulkarim Essam Abu Dara	2 and 13##	4,938	49,375	0.01%	In-kind
Derayah Financial, Fund Manager#	Not applicable	1,660,000	16,600,000	1.54%	Cash
Offered for Subscription	Not applicable	36,174,421	361,744,210	33.65%	Cash
Total		SAR 107,507,035	SAR 1,075,070,350		

Notes:

#Related parties' total subscriptions amount to 43,740,870 units, representing 40.68% of the total number of fund units.

##The owners of properties No. 2 and 13 are investors in the Derayah Real Estate Income Fund. Their contributions to the fund will consist of:

- An in-kind contribution equal to 49.7% of the value of their investments in the fund, and
- A cash contribution equal to 50.3% of the value of their investments in the fund.

Unit allocation after the offering period:

- If total subscriptions are less than SAR 361,744,210, all subscription amounts will be refunded within 15 business days from the end of the offering period (including any extension period).
- If total subscriptions are equal to or exceed SAR 361,744,210, allocation will be carried out as follows:
  - Each investor will be allocated 1,000 units.
  - Any remaining unallocated units will be distributed pro-rata among eligible investors.

- Any excess subscription amounts, including subscription fees not allocated, will be refunded without deduction, except for bank transfer or foreign exchange fees, within 15 business days from the end of the offering period.

- If the number of subscribers exceeds 36,174 subscribers, allocation may result in less than the minimum subscription of 1,000 units per investor; therefore, the fund manager does not guarantee allocation of the minimum subscription.

2) Fund Capital Increase Mechanism

If the fund manager decides to increase the fund's capital (subject to approval from the Authority, unitholders, and the fund board in accordance with the relevant provisions of the terms and conditions and voting procedures), this may be carried out through:

- Cash subscriptions, in exchange for issuing tradable pre-emptive rights, similar to those applied in listed companies under the relevant regulations and Companies Law provisions. In such cases, existing unitholders will have priority rights to participate in the rights issue.
- In-kind contributions, after obtaining the required approvals, in which case unitholders will not have pre-emptive rights.
- If entitled unitholders do not subscribe to the capital increase, the fund manager may offer the remaining unsubscribed units to the public for subscription.

I. Policy of the Fund's Unitholders Meeting

1) Matters Requiring a Unitholders' Meeting

The fund manager is required to obtain unitholders' approval for any proposed material change. The approval of the Authority must also be obtained after unitholders' approval for such changes. A material change includes any of the following:

- A substantial change in the fund's objectives or nature.
- Any change that may significantly and adversely impact unitholders or their rights in relation to the fund.
- A change that affects the fund's risk profile.
- An increase in the fund's capital.

2) Procedures for Calling a Unitholders' Meeting

- The fund manager may convene a unitholders' meeting at its own discretion. It must also convene a meeting within ten (10) days upon receiving a written request from the custodian.
- The meeting is announced via the fund manager's website and the Saudi Exchange (Tadawul) website, and by sending written notices to all unitholders and the custodian at least ten (10) days and no more than twenty-one (21) days before the meeting date. The notice must include the date, venue, time, and proposed resolutions. A copy of the notice must also be sent to the Authority at the time of notification to unitholders.
- The fund manager must also call a meeting within ten (10) days upon receiving a written request from one or more unitholders holding, individually or collectively, at least 25% of the fund's units.
- A unitholders' meeting is valid only if attended by unitholders representing at least 25% of the fund's units.
- If the quorum is not met, a second meeting must be called and announced via the fund manager's website and the Saudi Exchange (Tadawul) website, with written notice sent to all unitholders and the custodian at least five (5) days prior to the second meeting. The second meeting is valid regardless of the percentage of units represented.

3) Voting Method of Unitholders and Voting Rights in Unitholders' Meetings

- Each unitholder may appoint a proxy to represent them at the unitholders' meeting.
- Each unitholder is entitled to one vote for every unit they own at the time of the meeting.
- Unitholders' meetings, including participation in discussions and voting on resolutions, may be conducted through modern technological means in accordance with the controls set by the Authority.
- A resolution is considered valid if approved by unitholders representing more than 50% of the total units represented at the meeting, whether attendance is in person, by proxy, or through approved electronic means.

J. Unitholders' rights

1. Approval of proposed material changes.
2. Notification of proposed material changes.
3. Exercise of all rights attached to the units, including voting rights at unitholders' meetings.
4. Attendance at unitholders' meetings.
5. Authorization of the fund board to represent them at unitholders' meetings.
6. Receipt of the fund's annual reports.

K. Dividend distribution policy

The fund seeks to generate returns on investors' capital by investing in a portfolio of income-generating real estate opportunities within the Kingdom of Saudi Arabia, excluding Makkah and Madinah. The fund may invest up to 25% of its total assets, based on the latest audited financial statements, in real estate located outside Saudi Arabia. It may also allocate up to 25% of its assets to real estate development investments, in accordance with the regulations governing real estate investment traded funds.

The objective is to achieve annual returns for investors over the fund's term and to distribute quarterly dividends to unitholders amounting to at least 90% of the fund's net profits, in line with applicable regulations.

Dividend distributions are made at least quarterly on the following dates for each Gregorian year:

- 1 May for the period 1 January – 31 March
- 1 August for the period 1 April – 30 June
- 1 November for the period 1 July – 30 September
- 1 February for the period 1 October – 31 December

L. Fees, Service Charges, Commissions, and Management Fees

Unitholders agree under these Terms and Conditions to bear all fees, commissions, management fees, and other expenses incurred in connection with the management of the fund, in accordance with the table below:

#	Fee Type	Rate	Amount	Calculation Method	Payment Frequency
1	Subscription fee	2.00%	-	Subscription fees are deducted in advance from the total subscription amount (total subscription amount after allocation of units × percentage rate)	Payable once to the fund manager upon subscription
2	Fund management fee	0.85%	-	Calculated daily based on the fund's Net Asset Value (NAV × percentage rate)	Payable semi-annually to the fund manager
3	Transaction fees	Up to 1.00%	-	Calculated on the value of the property at the time of sale or purchase (total purchase or sale price of each real estate asset × percentage rate)	Payable to the fund manager immediately upon completion of the property transfer, in return for due diligence, negotiation, and inspection
4	Fund manager performance incentive	20.00%	-	Calculated on returns exceeding an 8% internal rate of return on the asset, after distribution of the fund's due profits	Payable to the fund manager upon exit from any fund asset, after distributing the due profits to unitholders
5	Brokerage fees	Up to 2.5%	-	Calculated on the property value at acquisition (property purchase price × percentage rate)	Payable after completion of the transfer to the broker or fund manager, in consideration of sourcing the property
6	Financing structuring fees	1.00%	-	Calculated on the total amount drawn under any Sharia-compliant credit facility (amount drawn × percentage rate)	Payable to the fund manager or another party as structuring fees upon drawdown of any credit facility only
7	Custody fees	0.03%	SAR 120,000 maximum per year	Calculated daily and allocated proportionally over the days of the year as a percentage of the fund's Net Asset Value (NAV × percentage rate), subject to the maximum limit	Payable semi-annually to the custodian
8	External auditor fees	-	SAR 60,000 annually	Calculated daily and allocated proportionally over the days of the year	Payable semi-annually to the external auditor
9	Sharia committee fees	-	SAR 18,750 annually	Calculated daily and allocated proportionally over the days of the year	Payable semi-annually to the Sharia committee
10	Valuation fees	-	SAR 10,000 annually	Fixed fee per valuer for valuing one property twice per year	Payable to the valuer upon issuance of the property valuation report
11	Independent Board members remuneration	SAR 2,000 per independent member per Board meeting, capped at SAR 24,000 annually (for all independent members combined)	-	Payable per meeting held	Payable upon occurrence of meetings
12	Property management fees	Up to 7.00%	-	(Total annual rental income collected × percentage rate)	Payable quarterly to the property manager
13	Financing expenses	As per prevailing market rates	-	As disclosed in reports submitted to unitholders	Payable as incurred / as disclosed

#	Fee Type	Rate	Amount	Calculation Method	Payment Frequency
14	Other expenses	Up to 0.05%	-	Based on total fund asset value	Payable as incurred (including acquisition, advisory, legal, technical costs, etc.)
15	Supervision fees	Not applicable	SAR 7,500	Calculated on a daily basis	Deducted annually
16	Trading fees	Not applicable	SAR 5,000	Calculated on a daily basis	Deducted annually
17	Listing fees	-	SAR 50,000 (one-time) + 0.03% annually (minimum SAR 50,000, maximum SAR 300,000)	(Fund market value × percentage rate), subject to applicable limits	One-time (initial listing) and annually (ongoing listing)
18	Registration fees	-	SAR 50,000 + SAR 2 per investor (maximum SAR 500,000) + SAR 400,000 annually	Based on total fund asset value	One-time (establishment registration) and annually (registration maintenance)
19	Value Added Tax (VAT)	15.00%	-	Applied to property purchase value (for acquisitions on or after 1 January 2018)	Payable to ZATCA upon transfer

The fund manager confirms that no fees apply other than those set out in the table above, and that any fees not listed in that table and imposed on the fund shall be borne by the fund manager.

M. Fund Asset Valuation

1. Methodology for Valuing the Fund's Assets

The fund manager shall determine the value of the fund's assets by calculating the total value of each individual asset as of the valuation date, based on the average of two valuations prepared by independent valuers who are not related parties. Each valuer must be a full member of the Saudi Authority for Accredited Valuers.

The valuation amount is then reduced by the fund's liabilities, including outstanding financing, fees, and other expenses (such as fees, service charges, commissions, financing commissions, and management fees referenced in section (L) "Fees, Service Charges, Commissions, and Management Fees" of these Terms and Conditions), whether paid or accrued and payable, in order to determine the fund's net asset value (NAV).

The unit value is calculated by dividing the net asset value of the fund by the total number of outstanding units as of the relevant valuation date, and this is considered the indicative unit price.

Each asset of the fund is valued by two independent valuers who are full members of the Saudi Authority for Accredited Valuers (Taqeem) and approved by the fund board. Each valuation report must include at least the following:

- The valuation method, approach, and underlying assumptions.
- An analysis of relevant real estate market factors, including supply and demand and market trends.
- Details and descriptions of the real estate assets.
- Risks associated with the real estate assets.

2. Frequency and Timing of Valuation

The fund manager shall value the fund's assets based on valuations prepared by two independent valuers at least once every six months. The valuation report must include, at a minimum, the information set out in paragraph (1) "Methodology for valuing the fund's assets" above. The net asset value is determined twice annually on the last business day of June and December of each calendar year.

In the event of any discrepancy between the two valuation reports, the average of the two valuations shall be used. The fund manager may also defer the valuation after obtaining approval from the Authority in accordance with paragraph (D) of Article (22) of the Real Estate Investment Funds Regulations.

3. Publication of Unit Price

The fund manager shall announce the net asset value per unit (indicative unit price) within thirty (30) days from the date of the fund manager's approval of the valuation. This shall be published on the Saudi Exchange (Tadawul) website and the fund manager's website.

The reports submitted to unitholders under section (W) "Disclosure and Reporting to Unitholders" shall also include the NAV per unit. Investors shall also be notified electronically of the indicative unit price every six (6) months following each valuation, and it shall be published on the Saudi Exchange (Tadawul) website and the fund manager's website.

4. Summary of Current Asset Valuation Reports of the Fund

Asset 1: Smart Tower

Valuation Company	Valuation	Valuation Date
Value Experts	256,300,000 SAR	25 October 2017
Century 21 Saudi Arabia	271,756,653 SAR	22 October 2017
Average of the two valuations	264,028,327 SAR	—
Purchase price	263,500,000 SAR	—

Asset 2: Jubail Views Residential Complex

Valuation Company	Valuation	Valuation Date
Coldwell Banker	151,540,966 SAR	22 October 2017
Century 21 Saudi Arabia	154,061,875 SAR	22 October 2017
Average of the two valuations	152,801,421 SAR	—
Purchase price	145,500,000 SAR	—

Asset 3: Port Warehouses Complex

Valuation Company	Valuation	Valuation Date
Value Experts	134,193,548 SAR	25 October 2017
Century 21 Saudi Arabia	123,809,523 SAR	22 October 2017
Average of the two valuations	129,001,536 SAR	—
Purchase price	130,000,000 SAR	—

Asset 4: City Life Plaza Commercial Complex

Valuation Company	Valuation	Valuation Date
Value Experts	109,677,419 SAR	25 October 2017
Century 21 Saudi Arabia	109,677,419 SAR	22 October 2017
Average of the two valuations	109,677,419 SAR	—
Purchase price	106,250,000 SAR	—

Note: The valuers applied the income approach, under which the value of the property is determined by dividing its net income by the financial return rate. As the property's net income remains constant, both valuers reached the same return rate based on prevailing market conditions and the specific characteristics of the property and tenant.

Asset 5: Motoon Towers

Valuation Company	Valuation	Valuation Date
Value Experts	100,857,148 SAR	25 October 2017
Century 21 Saudi Arabia	100,857,148 SAR	22 October 2017
Average of the two valuations	100,857,148 SAR	—
Purchase price	98,000,000 SAR	—

Note: The valuers applied the income approach, under which the value of the property is determined by dividing its net income by the financial return rate. As the property's net income remains constant, both valuers reached the same return rate based on prevailing market conditions and the specific characteristics of the property and tenant.

Asset 6: Al-Fanar Commercial Complex

Valuation Company	Valuation	Valuation Date
Value Experts	68,559,855 SAR	25 October 2017
Century 21 Saudi Arabia	60,616,525 SAR	22 October 2017
Average of the two valuations	64,588,190 SAR	—
Purchase price	60,600,000 SAR	—

Asset 7: The Grand Residential (A)

Valuation Company	Valuation	Valuation Date
Value Experts	64,516,129 SAR	25 October 2017
Century 21 Saudi Arabia	64,516,129 SAR	22 October 2017
Average of the two valuations	64,516,129 SAR	—
Purchase price	58,800,000 SAR	—

Note: The valuers applied the income approach, under which the value of the property is determined by dividing its net income by the financial return rate. As the property's net income remains constant, both valuers reached the same return rate based on prevailing market conditions and the specific characteristics of the property and tenant.

Asset 8: Al-Wadi District Warehouses

Valuation Company	Valuation	Valuation Date
Value Experts	59,870,967 SAR	25 October 2017
Century 21 Saudi Arabia	55,238,095 SAR	22 October 2017
Average of the two valuations	57,554,531 SAR	—
Purchase price	58,000,000 SAR	—

Asset 9: Al-Sitteen Commercial Center

Valuation Company	Valuation	Valuation Date
Value Experts	53,806,451 SAR	25 October 2017
Century 21 Saudi Arabia	53,806,451 SAR	22 October 2017
Average of the two valuations	53,806,451 SAR	—
Purchase price	52,125,000 SAR	—

Note: The valuers applied the income approach, under which the value of the property is determined by dividing its net income by the financial return rate. As the property's net income remains constant, both valuers reached the same return rate based on prevailing market conditions and the specific characteristics of the property and tenant.

Asset 10: The Valley Commercial Complex

Valuation Company	Valuation	Valuation Date
Value Experts	40,175,200 SAR	25 October 2017
Century 21 Saudi Arabia	39,825,577 SAR	22 October 2017
Average of the two valuations	40,000,389 SAR	—
Purchase price	39,500,000 SAR	—

Asset 11: The Grand Commercial (B)

Valuation Company	Valuation	Valuation Date
Value Experts	31,935,484 SAR	25 October 2017
Century 21 Saudi Arabia	31,935,484 SAR	22 October 2017
Average of the two valuations	31,935,484 SAR	—
Purchase price	31,250,000 SAR	—

Note: The valuers applied the income approach, under which the value of the property is determined by dividing its net income by the financial return rate. As the property's net income remains constant, both valuers reached the same return rate based on prevailing market conditions and the specific characteristics of the property and tenant.

Asset 12: Labor Housing Buildings – Jubail

Valuation Company	Valuation	Valuation Date
Value Experts	25,900,000 SAR	25 October 2017
Century 21 Saudi Arabia	29,137,500 SAR	22 October 2017
Average of the two valuations	27,518,750 SAR	—
Purchase price	24,273,685 SAR	—

Asset 13: Usufruct Right of City Walk Commercial Complex

Valuation Company	Valuation	Valuation Date
Value Experts	10,810,000 SAR	25 October 2017
Century 21 Saudi Arabia	11,396,988 SAR	22 October 2017
Average of the two valuations	11,103,494 SAR	—
Purchase price	10,504,994 SAR	—

Asset 14: Labor Housing Buildings – Dammam

Valuation Company	Valuation	Valuation Date
Value Experts	7,118,750 SAR	25 October 2017
Century 21 Saudi Arabia	5,216,667 SAR	22 October 2017
Average of the two valuations	6,167,708 SAR	—
Purchase price	5,087,559 SAR	—

Note: The difference between the two valuations reaches up to 36%. This variance is attributed to differing assumptions regarding the return rate and the property's net income. Century 21 applied a return rate of 9%, while Value Experts applied a return rate of 8%. Century 21 assumed a net income of SAR 469,500, whereas Value Experts assumed a net income of SAR 569,500.

Asset 15: Labour Housing Building – Khobar

Valuation Company	Valuation	Valuation Date
Value Experts	4,100,000 SAR	25 October 2017
Century 21 Saudi Arabia	3,088,889 SAR	22 October 2017
Average of the two valuations	3,594,444 SAR	—
Purchase price	3,012,441 SAR	—

Note: The difference between the two valuations reaches up to 33%. This variance is attributed to differing assumptions regarding the return rate and the property's net income. Century 21 applied a return rate of 9%, while Value Experts applied a return rate of 8%. Century 21 assumed a net income of SAR 278,000, whereas Value Experts assumed a net income of SAR 328,000.

N. Trading of Fund Units

1. Days on Which Orders to Buy or Sell Units Are Accepted

Units are traded through the Saudi Exchange (Tadawul) system using an integrated mechanism that covers the entire trading cycle from execution to settlement. Trading is conducted on all business days from Sunday to Thursday in a single session from 10:00 a.m. to 3:00 p.m., during which buy and sell orders are executed.

Outside these hours, order entry, modification, and cancellation are permitted from 9:30 a.m. to 10:00 a.m. Trading hours are adjusted during the holy month of Ramadan in accordance with announcements issued by Saudi Exchange (Tadawul).

2. Procedures for Submitting Buy or Sell Orders for Units

Buy and sell transactions are executed through an automated order-matching system, where each valid order is generated based on price level. Generally, market orders (executed at the best available price) are prioritized first, followed by limit orders (executed at a specified price). When multiple orders are placed at the same price, execution is carried out chronologically based on order entry time.

The Saudi Exchange (Tadawul) system distributes comprehensive market data through various channels, most notably its website and electronic data feed, which provides real-time information to data providers such as Reuters. Trades are settled automatically on the same day, meaning ownership is transferred immediately upon execution.

Since unit trading follows the same mechanism as listed shares on Saudi Exchange (Tadawul), any purchase of units through the exchange constitutes confirmation that the unitholder has reviewed these Terms and Conditions, including any future amendments, and agrees to them.

The Authority may suspend trading of the units or delist them at any time if it deems necessary in any of the following cases:

- If it is required to protect investors or maintain an orderly market.
- If the Fund Manager or Custodian materially fails to comply with the Capital Market Law and its implementing regulations, as determined by the Authority.
- If the liquidity requirements specified in subparagraph (2/a) and (2/b) of paragraph (b), item (Fourth) of the Instructions for Real Estate Investment Traded Funds are not met.
- If the Authority determines that the fund's operations or asset level no longer justify continued trading on Saudi Exchange (Tadawul).

The Fund Manager may also submit a written request to the Authority to temporarily suspend trading or delist the units, provided that the request includes clear reasons. The Authority may approve, reject, or approve the request subject to conditions or restrictions it deems appropriate.

O. Termination of the Fund

The units of the Fund shall be delisted upon the Fund's termination. Following such delisting, the Fund Manager shall immediately initiate the liquidation procedures of the Fund, without prejudice to these Terms and Conditions.

The Fund may be terminated prior to its scheduled expiry in any of the following circumstances:

(1) if the Fund (through the Fund Manager) has disposed of all its investments and distributed all resulting proceeds to the unitholders in accordance with these Terms and Conditions; or

(2) upon the occurrence of a material event relating either to the regulations governing the Fund and its operations or to the economic environment of the Kingdom of Saudi Arabia, where the Fund Manager deems such event a valid basis for early termination; or

(3) if the Authority resolves to terminate the Fund pursuant to a decision issued by the Board of the Authority.

In cases (1) and (2) above, prior approval must be obtained from the Fund Board, the unitholders, and the Authority.

Upon termination of the Fund for any of the above reasons, the Fund units shall be delisted, the liquidation schedule shall be announced, and liquidation procedures shall commence. The Fund Manager—either directly or through an independent liquidator—shall carry out the liquidation of the Fund and distribute its assets to the unitholders in accordance with the applicable regulations, while considering the best interests of the unitholders.

Subject to the applicable regulations and instructions governing the Fund, the Fund's assets may be distributed in kind to the unitholders where liquidation sale is not feasible and where the Fund Manager determines that such distribution serves the best interests of the unitholders.

During the liquidation process, the Fund Manager shall distribute 90% of the proceeds from the sale of each individual real estate asset to the unitholders in proportion to their ownership interests, after deducting necessary fees and expenses. The remaining 10% of the proceeds from each asset sale shall be retained and added to a cash reserve until all real estate assets have been sold. Thereafter, the Fund Manager shall distribute the accumulated cash reserve to the unitholders in a manner that ensures equal internal rate of return (IRR) for each Fund unit.

The Fund Manager shall also announce the expiry of the Fund's term and the duration of its liquidation on its website and on the Saudi Exchange (Tadawul) website.

P. Fund Board

The Fund shall be overseen by a Board appointed by the Fund Manager following the Authority's approval. At least one-third of the Board members must be independent, and the number of independent members shall in all cases be no fewer than two. The Fund Manager shall provide the Board with all information relating to the Fund that is necessary for its members to perform their responsibilities.

The Fund Board consists of five (5) members, including two (2) independent members appointed by the Fund Manager. Their term begins on the date the Authority approves the Fund offering and continues until the expiry of the Fund's term or until a member resigns and the resignation is accepted. The Fund Manager shall provide all Board members with the information necessary to enable them to carry out their duties. The Fund Manager may also replace Board members during the Fund's term after obtaining the Authority's approval and notifying the unitholders.

The Authority may also issue a reasoned decision to remove all or any of the Board members if it determines that doing so is in the best interests of the unitholders.

1. Names, Qualifications, and Independent Status of the Fund Board Members

Board Member	Qualifications
Mohammed bin Saeed bin Mansour Al-Shammasi Chief Executive Officer of Derayah Financial Company (Chairman of the Fund Board)	✓ Bachelor's degree in Finance, with Honors, from King Fahd University of Petroleum and Minerals (2002). ✓ Eight (8) years of experience in investment management at Al-Ahli Capital (2006–2014). ✓ Four (4) years of experience in asset management at Riyad Bank (2002–2006).
Bilal Khalid Bashnaq Chief Financial Officer responsible for financial management and accounting, administrative affairs, risk management, organizational development, and internal organization at Derayah Financial Company (Fund Board Member)	✓ Bachelor's degree in Accounting from the University of Jordan (1996). ✓ Certified Public Accountant (CPA) since 1998.- Certified Management Accountant (CMA) since 2002. ✓ Eighteen (18) years of professional experience in financial management, including IPO management, risk management, and financial control at Royal Jordanian Airlines and Al-Faisaliah Medical Systems Company.
Abdulwahab bin Saeed Al-Sayed (Non-Independent Fund Board Member)	✓ Bachelor's degree in Business Administration from King Saud University (1996). ✓ Chairman of Abdulwahab Al-Sayed Group for Investment and Real Estate Development.
Mishaal bin Ammar bin Abdulwahid Al-Khudairi (Independent Fund Board Member)	✓ Bachelor's degree in Finance from McGill University, Canada (2009). ✓ Partner and Managing Director at Tanmiah Real Estate Development Company, overseeing real estate investments in Riyadh, Al-Khobar, Dubai, Abu Dhabi, and London (2013–present). ✓ Senior Consultant at PricewaterhouseCoopers (2010–2013).
Haitham Rashid Al-Mubarak (Independent Fund Board Member)	✓ Master of Business Administration from the University of North Carolina. ✓ Businessman and former Acting Chief Executive Officer and Head of Wealth Management at Fransi Capital, with previous experience at several banks, Booz Allen Hamilton, and Saudi Aramco.

The Fund Manager represents that all Fund Board members satisfy the applicable qualification requirements. Specifically, each member:

1) is not bankrupt and is not subject to bankruptcy or insolvency proceedings;
2) has not been convicted of any offence involving fraud or conduct inconsistent with integrity and honesty; and
3) possesses the qualifications, skills, and experience required to perform their duties.

The Fund Manager further represents that the independent members of the Fund Board meet the definition of an "independent board member" set out in the Glossary of Defined Terms Used in the Capital Market Authority's Regulations and Rules.

2. Remuneration of the Fund Board Members

The independent members of the Fund Board shall receive remuneration of SAR 2,000 per member for each Board meeting, subject to a maximum aggregate amount of SAR 24,000 per year for all independent members combined. Such remuneration shall be paid as incurred in accordance with Section (L) "Fees, Service Charges, Commissions and Management Fees" of these Terms and Conditions.

3. Responsibilities of the Fund Board Members

The Fund Board is responsible for, among other things, the following:

- Ensuring that the Fund Manager carries out its responsibilities in the best interests of the unitholders and in accordance with these Terms and Conditions, the applicable rulings of the Shariah Committee, and the regulations of the Capital Market Authority.
- Approving all material contracts, resolutions, and reports relating to the Fund, including, without limitation, development agreements, the custody agreement, the marketing agreement, and valuation reports.
- Approving the Fund's Terms and Conditions and any amendments thereto.
- Deciding on any transaction involving a conflict of interest disclosed by the Fund Manager.
- Approving the appointment of the Fund's external auditor nominated by the Fund Manager.
- Meeting at least twice each year with the Fund Manager's Compliance Officer and the Anti-Money Laundering and Counter-Terrorist Financing Reporting Officer to ensure the Fund Manager's compliance with all applicable laws and regulations.
- Ensuring that the Fund Manager discloses all material information to the unitholders and other relevant stakeholders.
- Acting honestly and in the best interests of the Fund and its unitholders. The fiduciary duties of the Fund Board members include the duties of loyalty, due care, and the exercise of reasonable diligence.
- Approving all investments made by the Fund.

4. Other Investment Funds Overseen by Members of the Fund Board

Board Member	Investment Funds Overseen	Fund Manager
Mohammed bin Saeed Al-Shammasi	✓ Derayah Gulf Real Estate Fund ✓ Derayah Saudi Equity Fund ✓ Derayah Flexible Saudi Equity Fund ✓ Derayah Private Fund No. 40 ✓ Derayah Trade Finance Fund ✓ Derayah Third Real Estate Income Fund ✓ Wadi Masharie Real Estate Fund ✓ Derayah Al-Rimal Real Estate Fund ✓ Derayah Global Venture Capital Fund ✓ Derayah Retail Fund ✓ Derayah Private Equity Fund ✓ Derayah GCC Growth and Income Equity Fund ✓ Derayah Saudi Riyal Money Market Fund ✓ Derayah Saudi Equity Opportunities Fund ✓ Derayah Nomu Equity Fund ✓ Derayah U.S. Dollar Trade Finance Fund ✓ Derayah Sukuk Fund	Derayah Financial Company
Bilal Khalid Bashnaq	✓ Derayah Third Real Estate Income Fund ✓ Derayah Gulf Real Estate Fund ✓ Tawafuq Real Estate Fund ✓ Derayah Trade Finance Fund ✓ Derayah U.S. Dollar Trade Finance Fund ✓ Derayah Sukuk Fund ✓ Derayah Private Equity Fund ✓ Derayah Retail Fund ✓ Derayah Global Venture Capital Fund	Derayah Financial Company
Abdulwahab bin Saeed Al-Sayed	✓ Tawafuq Real Estate Fund	Derayah Financial Company
Mishaal bin Ammar Al-Khudairi	✓ Derayah Third Real Estate Income Fund ✓ Derayah Gulf Real Estate Fund	Derayah Financial Company
Haitham Rashid Al-Mubarak	✓ Derayah Third Real Estate Income Fund ✓ Derayah GCC Growth and Income Equity Fund ✓ Derayah Flexible Saudi Equity Fund ✓ Derayah Saudi Equity Fund- Derayah Saudi Riyal Money Market Fund ✓ Derayah Saudi Equity Opportunities Fund ✓ Derayah Nomu Equity Fund ✓ Derayah Trade Finance Fund	Derayah Financial Company

Q. Fund Manager

1. Name and Address of the Fund Manager

- Fund Manager: Derayah Financial Company
- Head Office: Al-Takhassusi Street, Prestige Center, Third Floor
- Telephone: (011) 2998000
- Fax: (011) 4196498
- P.O. Box: 286546, Riyadh 11323
- Website: www.derayah.com

2. Licensing Status of the Fund Manager

The Fund Manager is Derayah Financial Company, a listed Saudi joint-stock company registered under Commercial Registration No. 1010266977, dated 04/05/1430 A.H. It is a licensed entity authorized to conduct dealing, custody, advisory, and asset management activities and is registered with the Capital Market Authority under the Authorized Persons Regulations pursuant to License No. 27-08109, dated 16/06/2008.

3. Description of the Services Provided by the Fund Manager

Through its employees and pursuant to the license referred to in paragraph (2) above, the Fund Manager provides asset management, custody, dealing as principal, dealing as agent, and securities advisory services.

With respect to the Fund, the Fund Manager is responsible for managing and operating the Fund as a financial entity separate from its own assets, in accordance with the applicable laws and regulations and in the best interests of the unitholders. Its responsibilities include the following:

- Establishing the policies, terms, and procedures governing the Fund's operations in accordance with the objectives set out in these Terms and Conditions.
- Establishing the decision-making procedures for carrying out the Fund's activities.
- Notifying the Capital Market Authority of any material event or development that may affect the operation of the Fund.
- Complying with all applicable laws, regulations, and instructions in force in the Kingdom relating to the Fund's activities.
- Implementing the investment strategies set out in these Terms and Conditions.
- Managing the Fund's assets in the best interests of the unitholders and in accordance with these Terms and Conditions.
- Ensuring the legality and enforceability of contracts entered into on behalf of the Fund.
- Announcing the appointment of any third party engaged to perform activities relating to the Fund.
- Appointing real estate consultants and firms specializing in property management and rent collection.
- Negotiating and coordinating with all parties involved in the Fund's real estate assets, including property managers, contractors, consultants, engineering firms, marketing companies, and other operational service providers, and overseeing their performance.
- Arranging for the liquidation of the Fund upon the expiry of its term or in any other circumstances provided for under these Terms and Conditions.
- Informing the unitholders of any material facts or developments that may affect the Fund's operations in accordance with these Terms and Conditions.
- Communicating, coordinating, and following up with any third party appointed to perform activities relating to the Fund. The Fund Manager shall bear financial responsibility for any losses incurred by the Fund as a result of its gross negligence or willful misconduct.
- Promptly disclosing to the Capital Market Authority and the unitholders any material developments within the scope of its activities that are not publicly available, in accordance with the Instructions for Listed Real Estate Investment Funds, together with all disclosures required under Article (Eighth) of those Instructions and these Terms and Conditions.
- Consulting with the members of the Fund Board from time to time to ensure compliance with the Capital Market Authority's regulations and these Terms and Conditions.

4. Activities or Interests That May Give Rise to a Conflict of Interest

Abdulwahab bin Saeed Al-Sayed, a non-independent member of the Fund Board, holds a 22% ownership interest in Motoon Real Estate Company. Motoon Real Estate Company is the principal tenant of Port Warehouses in Dammam, Al-Wadi Warehouses in Jeddah, and City Life Plaza in Riyadh. It also provides property management services for Motoon Towers and Al-Sitteen Commercial Center.

Other than the above, neither the Fund Manager nor any member of its Board has any activity, business, or other significant interest that may conflict with the interests of the Fund, except as disclosed in the declaration included at the end of each property's section.

5. Material Conflicts of Interest Affecting the Fund Manager

As of the date of these Terms and Conditions, no material conflict of interest exists that could affect the Fund Manager in carrying out its duties and responsibilities toward the Fund.

The Fund Manager's internal policies and procedures prohibit individuals responsible for investment decisions from receiving any commissions relating to the Fund or to assets acquired by the Fund.

6. Delegation of the Fund Manager's Duties

As of the date of these Terms and Conditions, the Fund Manager has not delegated any of its duties or responsibilities relating to the Fund's operations to any third party.

7. Investment by the Fund Manager in the Fund

The Fund Manager may invest in the Fund either by subscribing to units or by acquiring units through trading on the Exchange. Any such investment shall be made on the same terms and conditions applicable to all other unitholders.

At the end of each financial year, the Fund Manager shall disclose, through the Fund's financial statements and the financial disclosure summary, the total number of units it holds in the Fund and the total value of its investment.

8. Fund Manager's Declarations

The Fund Manager represents and declares the following:

- All members of the Fund Board satisfy the applicable qualification requirements, namely that each member:
    a) is not bankrupt and is not subject to any bankruptcy or insolvency proceedings;
    b) has not previously committed any offence involving fraud or conduct inconsistent with integrity and honesty; and
    c) possesses the required qualifications, skills, and experience.
- All independent members of the Fund Board meet the definition of an "Independent Fund Board Member" under the Capital Market Authority's regulations and rules.
- The Fund's existing assets, as well as any assets acquired in the future, are or will be free from any regulatory violations that would prevent, or could result in the inability to, use or operate the real estate assets.
- The Fund's current and future assets are or will be technically sound.
- The Fund's current and future assets are or will be free from any major engineering defects or deficiencies that could prevent, or result in the inability to, use or operate the real estate assets, or that would require significant and costly repairs or modifications.

R. Custodian

1. Name and Address of the Custodian

- Custodian: Alinma Investment Company
- King Fahd Road, Al-Olaya District, Riyadh 11576, P.O. Box 66333
- Telephone: +966 (11) 218 5999
- Fax: +966 (11) 218 5970
- Website: www.alinmainvestment.com

2. Licensing Status of the Custodian

The Custodian is Alinma Investment Company, a licensed entity authorized to conduct custody activities and registered with the Capital Market Authority under the Authorized Persons Regulations pursuant to License No. 37-09134.

3. Responsibilities of the Custodian

The Custodian's responsibilities include, without limitation, the following:

- Safeguarding the Fund's real estate assets separately from its own assets and those of its other clients.
- Maintaining all records and supporting documentation necessary to perform its contractual obligations.
- Registering the Fund's real estate assets in the name of a subsidiary of the Custodian for the benefit of the Fund, or in the name of a subsidiary of a licensed financing provider that has provided financing to the Fund.
- Disposing of the Fund's real estate assets only upon receipt of prior written instructions from the Fund Manager, acting in accordance with such instructions, and refraining from taking any action relating to the Fund's real estate assets without the Fund Manager's prior written approval.
- Cooperating fully with requests made by the Fund's external auditors, other advisers, and the Fund Manager.

4. Overview of the Custodian Services Agreement

Item	Description
Type of Agreement	✓ Custodian Services Agreement.
Parties to the Agreement	✓ Derayah Financial Company (Fund Manager) ✓ Alinma Investment Company (Custodian)
Purpose of the Agreement	✓ To provide custody services for the benefit of the Fund in accordance with the responsibilities described in paragraph (3) above.
Standard of Care	✓ The Custodian shall perform its obligations under the Agreement in accordance with the provisions of Chapter Seven of the Capital Market Institutions Regulations, exercising the level of care, attention, professional competence, and diligence expected of a specialized custody service provider.
Custodian's Undertakings	✓ To hold the Fund's assets in custody for the benefit of the Fund. ✓ To ensure that neither the Custodian nor any of its subsidiaries acquires any proprietary interest in the Fund's assets. ✓ To ensure that the Fund's assets do not form part of the assets of the Custodian or any of its subsidiaries. ✓ Not to subject the Fund's assets to any financial or non-financial encumbrance or obligation in favor of the Custodian, its creditors, or any third party without the Fund Manager's prior written approval. ✓ Not to dispose of, manage, or participate in the management or disposal of the Fund's assets except pursuant to written instructions from the Fund Manager in accordance with the Agreement.
Reporting	✓ The Custodian shall provide the Fund Manager with semi-annual reports, as well as reports upon request, detailing the assets held on behalf of the Fund.

Item	Description
Fees and Expenses	✓ As set out in section (L) "Fees, Service Charges, Commissions, and Management Fees" of these Terms and Conditions.
Governing Law and Dispute Resolution	✓ The Agreement shall be governed by and interpreted in accordance with the laws and regulations in force in the Kingdom of Saudi Arabia, provided they do not conflict with Islamic Shariah. ✓ Any dispute that cannot be resolved amicably within thirty (30) days from the date it arises shall be referred to the competent judicial authority in the Kingdom of Saudi Arabia.

S. Developer

Not applicable.

T. External Auditor

1. Name and Address of the External Auditor

- Ibrahim Al-Bassam & Abdulmohsen Al-Nemer Certified Public Accountants (PKF Al-Bassam & Al-Nemer)
- Prince Mohammed bin Abdulaziz Road (Tahlia), Al-Sulaymaniyah District, P.O. Box 28355, Riyadh 11437
- Telephone: +966 (11) 206 5333
- Fax: +966 (11) 206 5444
- Website: www.pkf.com/saudi-arabia

U. Financial Statements

The Fund's financial year begins on 1 January and ends on 31 December of each calendar year. The Fund Manager shall prepare the Fund's financial statements, which will be subject to a semi-annual review and an annual audit in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA).

The financial statements shall be audited by the Fund's external auditor and submitted to the Fund Board for approval. Following approval, the Fund Manager shall promptly submit them to the Authority and disclose them to the unitholders within the following timeframes:

- No later than 25 days after the end of the period covered by the reviewed interim financial statements.
- No later than 40 days after the end of the period covered by the audited annual financial statements.

The financial statements shall also be published on the Fund Manager's website and the Tadawul website.

V. Conflicts of Interest

As of the date of these Terms and Conditions, the Fund Manager confirms that no conflicts of interest exist between the interests of the Fund Manager or any Related Party and the interests of the Fund's unitholders.

The Fund Manager is committed to minimizing any potential conflicts of interest by prioritizing the interests of the Fund's unitholders over its own interests or those of any Related Party. It shall also ensure that no class of unitholders is given preferential treatment over another within the same Fund.

The Fund Manager shall use its best efforts to resolve any actual or potential conflict of interest. If a potential conflict arises, it shall promptly disclose the matter to the Fund Board for consideration and determination of the appropriate course of action. The Fund Manager shall also disclose any such conflict without delay in the Fund's Terms and Conditions and its periodic reports.

Upon request, the Fund Manager shall provide details of the procedures adopted for managing conflicts of interest. In addition, the Authority shall be notified of any conflict of interest that arises during the operation of the Fund.

At the date of these Terms and Conditions, the Fund Manager has identified the following potential conflict of interest:

1. Investments Similar to Those Managed by Derayah Financial Company

Derayah Financial Company may manage proprietary investments, as well as client portfolios and investment accounts that pursue objectives similar to those of the Fund. These may include other collective investment schemes managed or sponsored by Derayah Financial Company, in which Derayah Financial Company or one of its affiliates may hold an ownership interest.

Subject to the restrictions set out in these Terms and Conditions, Derayah Financial Company may also, in the future, act as the Fund Manager, Investment Manager, or General Partner of other investment funds. One or more of these funds may invest in projects or assets that are similar to those in which the Fund invests.

2. Transactions with the Fund Manager and Its Affiliates

The Fund may enter into transactions with the Fund Manager, its affiliates, former affiliates, or other entities in which Derayah Financial Company has a direct or indirect interest.

For example, the Fund Manager or one of its affiliates may provide certain services to the Fund. Any transaction between the Fund and the Fund Manager, its affiliates, or any entity in which Derayah Financial Company has a direct or indirect interest shall be disclosed to the Fund Board.

3. Fund Board

The Fund Board shall oversee the management and resolution of any conflicts of interest involving its members. A Board member may have interests in various real estate ventures or other commercial activities that could, from time to time, conflict with the interests of the Fund.

Where such a conflict arises, the concerned Board member shall refrain from voting on the relevant matter.

Each member of the Fund Board owes fiduciary duties of care and diligence to the unitholders in accordance with the responsibilities set out in these Terms and Conditions. Board members shall exercise their judgment in good faith and use their best efforts to identify, manage, and resolve any conflicts of interest that may arise.

4. Related Party Transactions

The Fund may enter into transactions with Related Parties from time to time, provided that such transactions are disclosed to the Fund Board and are carried out on arm's-length commercial terms consistent with prevailing market conditions.

Where a Related Party, including any fund established by the Fund Manager, proposes to transact with the Fund, the Fund Manager shall obtain the prior approval of the Fund Board. The consideration paid or received in connection with the transaction shall be based on independent valuations and determined on purely commercial terms.

W. Disclosure and Reporting to Unitholders

The Fund Manager shall disclose the following matters to the Authority and the unitholders:

1. Any material development within the scope of its activities that is not publicly available and that may affect the Fund's assets or liabilities, financial position, overall business operations, or legal status, including any voluntary resignation of the Fund Manager, where such development could reasonably be expected to affect the market price of the listed units or materially impact the Fund's ability to meet its debt obligations, if any.
2. Any transaction involving the acquisition, disposal, mortgage, or lease of an asset with a value equal to or exceeding 10% of the Fund's total assets, based on the most recent reviewed interim financial statements or audited annual financial statements, whichever is later.
3. Any losses amounting to 10% or more of the Fund's net assets, based on the latest reviewed interim financial statements or audited annual financial statements, whichever is more recent.
4. Any change in the composition of the Fund Board or any committees established by the Fund, if applicable.
5. Any dispute, including litigation, arbitration, or mediation, where the value of the claim or dispute is equal to or exceeds 5% of the Fund's net assets, based on the most recent reviewed interim financial statements or audited annual financial statements, whichever is more recent.
6. Any increase or decrease in the Fund's net assets of 10% or more, based on the latest reviewed interim financial statements or audited annual financial statements, whichever is more recent.
7. Any increase or decrease in the Fund's total profits of 10% or more, based on the latest audited annual financial statements.
8. Any transaction between the Fund and a Related Party, or any arrangement under which both the Fund and a Related Party jointly invest in, or provide financing for, a project or asset, where the value of the transaction or arrangement is equal to or exceeds 10% of the Fund's total revenue, based on the latest audited annual financial statements.
9. Any interruption of the Fund's principal activities that affects 5% or more of the Fund's total revenue, based on the latest audited annual financial statements.
10. The appointment of a new external auditor.
11. Any change in the membership of the Fund Board.
12. The appointment of a replacement Custodian.
13. Any judgment, ruling, declaration, or order issued by a court or judicial authority, whether at the first instance or appellate level, that could adversely affect the Fund's ability to utilize any portion of its assets where the affected assets represent more than 5% of the Fund's net assets, based on the latest reviewed interim financial statements or audited annual financial statements, whichever is more recent.
14. Any proposed increase or reduction in the Fund's capital.

The Fund Manager shall also, in addition to the disclosure requirements set out in the Real Estate Investment Funds Regulations (including the reports submitted to unitholders and the interim and annual financial reports), disclose the following at least every six months:

1. Any fundamental, material, or significant changes affecting the Fund's operations.
2. A statement of distributions made to the unitholders.

Subject to section (U) "Financial Statements" of these Terms and Conditions, the Fund Manager shall prepare and submit annual reports to the unitholders that include the following information:

1. The assets in which the Fund invests.
2. The assets in which the Fund plans to invest.

3. A statement indicating the percentage of leased properties and vacant properties relative to the total real estate assets owned by the Fund.
4. A comparative table covering the Fund's performance over the past three financial years (or since inception), including:
    - The Net Asset Value (NAV) of the Fund at the end of each financial year.
    - The NAV per unit at the end of each financial year.
    - The highest and lowest NAV per unit during each financial year.
    - The number of issued units at the end of each financial year.
    - Income distribution per unit.
    - The expense ratio incurred by the Fund.
5. A performance record including the following:
    - Total return for one year, three years, and five years (or since inception).
    - Annual total return for each of the previous ten financial years (or since inception).
    - A table detailing fees, commissions, and charges borne by the Fund and paid to third parties during the year, including disclosure of any instances where the Fund Manager waived or reduced fees.
    - Disclosure of any material changes during the period that had an impact on the Fund's performance.
    - The annual report of the Fund Board, including without limitation the matters discussed and resolutions adopted, as well as the Fund's performance and the extent to which it achieved its objectives.
    - A statement of any special commissions received by the Fund Manager during the period, clearly specifying their nature and the manner in which they were used.

X. Other Information

1. Any information, records, or notices issued by the Fund Manager are not intended to constitute advice or valuation and shall not be interpreted as a recommendation for any unitholder to invest in or acquire units of the Fund. The Fund Manager does not provide investment advice to unitholders in relation to the Fund or any investments. Each investor remains solely responsible for conducting their own independent review and assessment of the Fund's financial position and the suitability of investing in it.
2. The Fund Manager undertakes to comply with the Non-Saudis' Ownership and Investment in Real Estate Law.
3. The Fund's net real estate assets are jointly and fully owned by the unitholders. Neither the Fund Manager nor the Custodian shall have any ownership interest or claim over these assets, except where the Fund Manager is a unitholder in the Fund or where such rights are expressly permitted and disclosed in these Terms and Conditions. Creditors of the Fund Manager or the Custodian shall have no rights whatsoever over the Fund's assets or properties.
4. Unitholders are advised to seek professional advice regarding the Zakat and tax implications arising from owning, holding, or disposing of Fund units. Unitholders should also be aware that, where required and as permitted under applicable regulations, the Fund Manager may settle any Zakat due on the Fund or its real estate assets from the Fund's assets. Each investor remains responsible for fulfilling their own Zakat and tax obligations.
5. Unitholders undertake to comply at all times with the laws and regulations applicable in the Kingdom of Saudi Arabia, including the applicable Anti-Money Laundering (AML) laws and any amendments thereto. The Fund Manager reserves the right to reject any transaction request, refuse to provide services, or decline to act on behalf of any investor where the required information, satisfactory identification, or updated documentation has not been provided in accordance with AML and Counter-Terrorist Financing regulations. The Fund Manager is also required to report any suspicious transactions to the Financial Intelligence Unit of the Ministry of Interior and the AML and Counter-Terrorist Financing Unit of the Authority by submitting the relevant report without notifying the investor. The Fund Manager shall continue its dealings with the investor unless and until specific instructions are issued in this regard.
6. The Fund is managed in accordance with Shariah standards under the supervision of the Fund's Shariah Advisor. The Shariah Advisor oversees the Fund's activities, operations, and investments to ensure their compliance with Islamic Shariah principles. In addition, the Shariah Advisor provides continuous oversight of the Fund's operations, policies, and activities to ensure ongoing adherence to Shariah requirements.

   The Fund Manager has appointed Shariyah Review Bureau as the Fund's Shariah Advisor to supervise, review, and advise on the Fund's compliance with Islamic Shariah principles, as well as to certify such compliance. Shariyah Review Bureau operates from the Middle East and maintains a network of twenty-eight (28) Shariah advisors globally, covering jurisdictions where Shariah-compliant activities are prominent, including Malaysia, the Kingdom of Saudi Arabia, Algeria, Egypt, Qatar, the United Arab Emirates, Sudan, and the Kingdom of Bahrain.

   Shariyah Review Bureau is licensed by the Central Bank of Bahrain to provide Shariah audit, structuring, review, certification (Fatwa), and Shariah supervision and governance services. The Shariah Advisor who reviewed the Fund is Sheikh Salah Al-Shalhoub. The Shariah Advisor is responsible for conducting Shariah supervision and performing an annual Shariah audit of the Fund's operations and agreements to confirm to the Board of Directors that the Fund's activities and investments comply with Islamic Shariah principles.

Sheikh Dr. Salah bin Fahd Al-Shalhoub

Sheikh Dr. Salah holds a Ph.D. in Islamic Finance from the University of Edinburgh, United Kingdom, and a Master's degree from Imam University, Kingdom of Saudi Arabia. He currently serves as an Assistant Professor in the Department of Islamic and Arabic Studies at the College of Supporting and Applied Studies, King Fahd University of Petroleum and Minerals. He has authored several research papers and articles in the field of Islamic banking, which have been published in various newspapers, most notably Al-Eqtisadiah.

Professional Experience

- Member of the Shariah Board of Waqaya Takaful Insurance Company.
- Member of the Shariah Board of SEIB Takaful Insurance Company (Qatar).
- Member of the Shariah Board of Commercial International Bank (Dubai).
- Member of the Shariah Board of Investtrade Financial Company (Bahrain).
- Member of the Shariah Board of BMW Financial Company (Dubai).
- Member of the Shariah Board of National Cooperative Insurance Company.
- Member of the Shariah Board of Amana Cooperative Insurance Company.
- Member of the Shariah Board of Al-Mustathmir Securities Funds.
- Member of the Shariah Board of Australia Real Estate Fund.
- Member of the Shariah Board of Derayah Financial Shariah-Compliant Funds.

- Member of the Shariah Board of Wasatah Capital Funds.
- Member of the Shariah Board of Itqan Capital.

Academic Qualifications

- Ph.D. in Islamic Finance from the University of Edinburgh, United Kingdom.
- Master's degree from Imam University, Kingdom of Saudi Arabia.

Publications

- *Corporate Shares from an Islamic Perspective*
- *Installment Sale in Islamic Shariah: Theory and Practice*
- *Organized Tawarruq in Islamic Shariah: A Study of Organized Tawarruq as Implemented by Islamic Financial Institutions*
- *Housing Finance in Islamic Shariah: A Study of Certain Real Estate Financing Products Offered by Islamic Banks*

Y. Amendment of the Fund's Terms and Conditions

The Fund Manager may amend these Terms and Conditions after obtaining unitholders' approval for any proposed material change to the Terms and Conditions. Once unitholders' approval has been obtained, the Fund Manager shall secure the approval of the Shariah Committee and the Capital Market Authority for the material amendment. Any of the following shall be deemed a material change:

1. A substantial change in the Fund's objectives or nature.
2. A change that may have a material adverse impact on the unitholders or their rights in relation to the Fund.
3. A change affecting the Fund's risk profile.
4. An increase in the Fund's capital.

The Fund Manager shall submit an updated version of the Terms and Conditions to the Authority and the Custodian within ten (10) days of any amendment.

The Fund Manager shall publish the updated Terms and Conditions on its website and on the Tadawul website. The updated version of the Terms and Conditions, including the annual update of the Fund's performance, shall be published on both the Fund Manager's website and the Tadawul website within ten (10) days of any update.

The Fund Manager shall also announce the details of any material amendments to the Terms and Conditions on its website and on the Tadawul website at least ten (10) days prior to the effective date of such amendment.

Z. Applicable Law

These Terms and Conditions shall be governed by and construed in accordance with the laws and regulations of the Kingdom of Saudi Arabia, under the supervision of the Capital Market Authority.

The Fund Manager and each investor shall endeavor to resolve any dispute arising out of or in connection with these Terms and Conditions amicably. If a dispute is not resolved within thirty (30) days from the date of notification, it shall be referred to the competent judicial authority, namely the Committee for the Resolution of Securities Disputes (CRSD).

Appendix 1: Shariah Standards

1) Shariah Standards for Fund Manager Fees

- The Fund Manager is permitted to receive fees from investors in consideration of subscription, as these constitute remuneration for permissible benefits under Shariah. Such fees may be either a fixed amount or a percentage deducted from the value of the purchased unit, provided that they are clearly stated in the Fund's Terms and Conditions.
- The Fund Manager is also permitted to charge performance incentives as additional fees payable in the event that profits exceed a predetermined threshold. These incentives are considered permissible remuneration under Shariah, as their outcome is defined and does not lead to uncertainty or dispute, provided that the applicable percentage is specified and disclosed to investors in the Fund's Terms and Conditions.

2) Shariah Standards for Fund Management and Marketing

- The Fund Manager is required to exercise due effort and capability to invest the Fund's capital in the most efficient and beneficial manner for investors.
- The Fund Manager shall invest the Fund's capital strictly in accordance with the purpose for which the Fund was established, and it is not permitted to invest in any activity not specified in the Fund's Terms and Conditions unless investors are duly notified.
- The Fund Manager may disclose an expected profit rate for subscribing to the Fund based on market studies, provided that such disclosure is indicative and approximate in nature.
- The Fund Manager is required to fully disclose all expenses charged to the Fund.
- All documentation used in relation to the Fund, including contracts and other instruments, must comply with Shariah provisions, controls, and standards.
- All agreements related to the Fund must be submitted to the Shariah Committee for review and approval prior to execution with any third parties.
- The Fund Manager is not permitted to enter into any contract that results in the payment or receipt of usurious interest (*riba*), and it may take legal action to recover its entitlements where applicable.

3) Shariah Standards for Leasing and Sale of the Fund's Assets

- The Fund allocates its capital to real estate projects that are compliant with Shariah and are not associated with interest-based (*riba*) financing.
- The Fund is not allowed to recognize or impose any interest in cases where any party delays the performance of its obligations, and it may pursue appropriate legal measures to recover its entitlements.
- The Fund Manager is allowed to lease properties, provided that such properties are not leased to parties engaged in activities prohibited under Shariah, including leasing to banks operating on an interest-based basis.
- The Fund Manager is prohibited from investing in properties whose tenants' activities are predominantly engaged in the following non-compliant activities:
    - Gambling.
    - Tobacco manufacturing.
    - Conventional insurance and interest-based financial institutions.
    - Any other activities deemed non-compliant by the Shariah Committee.
- The Fund Manager may invest in properties leased to companies or individuals who do not comply with the above requirements, including banks, insurance companies, and similar entities, provided that rental income from such parties does not exceed 5% of the total rental income generated by the property, subject to the following conditions:
    - Any income derived from such parties shall be donated to charitable entities after obtaining the approval of the Shariah Committee.
    - If the Fund Manager is able to replace a tenant engaged in non-compliant activities with a Shariah-compliant tenant without causing financial or legal harm to the Fund, it must proceed with the replacement after providing a written notice period of 3 months.
    - If implementing the above replacement would cause financial or legal harm, the existing tenant may be retained until the end of the lease term, and the contract shall not be renewed.
    - If the Fund invests in a property with no tenants, or where all tenants are Shariah-compliant, the Fund Manager is not permitted to lease the property to any tenant whose activities are non-compliant with Shariah standards, even if the income from such tenant is less than 5% of total rental income.

1) The Fund Manager confirms that the terms and conditions of Derayah REIT Fund have been prepared in compliance with the Real Estate Investment Funds Regulations and the instructions governing listed real estate investment funds issued by the Saudi Capital Market Authority.
2) The Fund Manager confirms, after making all reasonable inquiries and to the best of its knowledge and belief, that no other facts exist which, if omitted from this document, would make any statement contained herein misleading. The Saudi Capital Market Authority and the Saudi Stock Exchange assume no responsibility for the content of these terms and conditions.
3) The Fund Manager confirms that the properties are free from any regulatory violations that would prevent or restrict their use or operation. The Fund Manager further confirms that the properties are technically sound and free from any major structural or engineering defects that would prevent or hinder their use or operation, or that would require substantial or costly repairs or modifications.
4) Except as disclosed in section (F), subsection (5) "Description of the Fund's Current Assets," the Fund Manager confirms the existence or non-existence of direct or indirect conflicts of interest between:
    a) The Fund Manager.
    b) Property manager(s) related to the Fund.
    c) Property owner(s) related to the Fund.
    d) Tenant(s) of real estate assets whose rental income represents 10% or more of the Fund's annual rental income.
5) The Fund Manager confirms that all members of the Fund's Board of Directors have not been subject to bankruptcy or insolvency proceedings, have not previously committed any acts of fraud or dishonesty, and have not engaged in any misconduct affecting integrity or trustworthiness, and that they possess the necessary skills and experience required to serve on the Fund's Board of Directors.
6) The Fund Manager confirms that the two independent members comply with the definition of an independent member set out in the glossary of terms used in the Capital Market Authority regulations and rules, and that this requirement applies to any independent member appointed by the Fund Manager throughout the life of the Fund.
7) The Fund Manager confirms that there are no significant business activities or other material interests of the members of the Board of Directors of the Fund Manager (Derayah Financial Company) that could conflict with the interests of the Fund.
8) The Fund Manager confirms that no conflicts of interest exist that would affect its ability to perform its duties toward the Fund.
9) The Fund Manager confirms that no additional fees apply beyond those set out in the fees and charges table contained in section (L) "Fees, Service Charges, Commissions, and Management Fees" of these terms and conditions.
10) The Fund Manager confirms that the Fund shall not be listed unless the transfer of property ownership has been completed in the name of the Fund. If this is not completed within the timeframe specified in section (H) "Subscription" of these terms and conditions, all subscription amounts shall be refunded to investors.
11) The Fund Manager confirms that no member of the Board of Directors may hold a direct or indirect interest in any business or contracts executed on behalf of the Fund. The Fund Manager shall require Board members to disclose any such direct or indirect interests, and these shall be recorded in the minutes of the meeting. The Fund Manager shall also ensure that any member with such an interest abstains from voting on the relevant resolutions.
12) The Fund Manager confirms that all contracts and agreements related to the Fund that may influence investors' decisions to subscribe have been disclosed, and that there are no contracts or agreements other than those stated in these terms and conditions.
13) The Fund Manager confirms that unitholders have the right to vote on matters presented to them at unitholders' meetings. Furthermore, approval shall be obtained from the majority of unitholders representing more than 50% of the value of the units for any fundamental change to the Fund, including the following:
    a) significant change in the Fund's objectives or nature;
    b) A change that may have a material adverse effect on unitholders or their rights in relation to the Fund;
    c) A change that may affect the risk profile of the Fund;
    d) Any increase in the Fund's capital.
14) The Fund Manager confirms that it shall take all necessary actions in the best interests of the unitholders, to the best of its knowledge and belief, exercising due and reasonable care. The Fund Manager, its managers, officers, employees, agents, affiliates, and subsidiaries, as well as the Custodian, Shariah Advisor, and the Fund's Board of Directors, shall exercise reasonable diligence and act in good faith to serve the interests of the unitholders. However, the Fund may suffer losses of any kind as a result of any unintentional act carried out by any of the aforementioned parties in relation to the management of the Fund's affairs. In such cases, those parties shall not be held liable for such losses, provided that they have acted in good faith, which shall be presumed in the absence of any act, decision, or correspondence indicating prior knowledge of adverse consequences arising from such action, and provided that the action is reasonably believed to be in the best interests of the Fund and does not involve gross negligence, fraud, or intentional misconduct.
15) The Fund Manager confirms that all related party transactions have been executed in compliance with applicable laws and regulations, on fair and appropriate commercial terms, and in a manner that does not adversely affect the performance of the Fund or its unitholders in any way.
16) The Fund Manager confirms that it has not provided any commissions, discounts, brokerage fees, or any cash or non-cash consideration to any internal or external parties other than those disclosed in these terms and conditions.

17) The Fund Manager confirms that all terms and conditions, as well as all information that may influence the decision to subscribe to the Fund, have been fully disclosed to investors and unitholders.
18) The Fund Manager confirms that the property owners and tenants are not subject to any seizure, lien, or attachment over their properties or accounts.

Appendix 3: Owners of Motoon Real Estate Company

No.	Owner Name	Ownership Percentage
1	Abdulwahab Saeed Abdullah Al-Sayed	21.999%
2	Khalid Saeed Abdullah Al-Sayed	18.999%
3	Ahmed Saeed Abdullah Al-Sayed	16.998%
4	Asma Saeed Abdullah Al-Sayed	12.000%
5	Haya Saeed Abdullah Al-Sayed	11.000%
6	Abdulaziz Saeed Abdullah Al-Sayed	10.000%
7	Abdulrahman Saeed Abdullah Al-Sayed	4.000%
8	Noura Jibraan Hizam Al-Qahtani	3.000%
9	Munirah Saeed Abdullah Al-Sayed	2.000%
10	Omar Abdullah Omar Al-Shuwair	0.002%
11	Saud Ahmed Saeed Al-Sayed	0.002%

Appendix 4: Owners of Nesaj Urban Development Company and Retal Urban Development Company

Ownership of Retal Development Company

No.	Owner Name	Ownership Percentage
1	Al-Fozan Holding Company	99.0%
2	Al-Fozan Investment Company Limited	1.0%

Ownership of Nesaj Real Estate Development Company

No.	Owner Name	Ownership Percentage
1	Retal Development Company	100.0%

Ownership of Al-Fozan Holding Company

No.	Owner Name	Ownership Percentage
1	Abdul Latif & Mohammed Al-Fozan Company	60.0%
2	Khalid Al-Fozan	10.0%
3	Ali Al-Fozan	10.0%
4	Abdullah Al-Fozan	10.0%
5	Fawzan Al-Fozan	10.0%

Ownership of Abdul Latif & Mohammed Al-Fozan Company

No.	Owner Name	Ownership Percentage
1	Mohammed Al-Fozan	50.0%
2	Ma'ali Holding Company	40.0%
3	Abdul Latif Al-Fozan	7.0%
4	Khalid Al-Fozan	1.0%
5	Ali Al-Fozan	1.0%
6	Abdullah Al-Fozan	1.0%

Ownership of Ma'ali Holding Company

No.	Owner Name	Ownership Percentage
1	Abdul Latif Al-Fozan	69.9%

No.	Owner Name	Ownership Percentage
2	Khalid Al-Fozan	10.0%
3	Ali Al-Fozan	10.0%
4	Abdullah Al-Fozan	10.0%
5	Azhdan Arabia Trading Company	0.1%

Ownership of Azdan Arabia Trading Company

No.	Owner Name	Ownership Percentage
1	Abdul Latif Al-Fozan	70.0%
2	Khalid Al-Fozan	10.0%
3	Ali Al-Fozan	10.0%
4	Abdullah Al-Fozan	10.0%

Appendix 5: Example of the Calculation of Recurring Fees

Expenses charged to the Fund based on a hypothetical subscription amount, assuming a fund size of SAR 500,000,000.

Item	Amount
Hypothetical subscription amount	1,000,000 SAR
Management fees (0.85%)	8,492 SAR
Custody fees (0.03% capped at 120,000 SAR annually)	240 SAR
Auditor fees (60,000 SAR annually)	120 SAR
Shariah Committee fees (18,750 SAR annually)	37.50 SAR
Independent Board Member remuneration (24,000 SAR annually)	48 SAR
Other fees (0.05%)	499.81 SAR
Total annual recurring fees and expenses	9,378 SAR
Total annual recurring fees and expenses (%)	0.94%
Estimated total distributions (based on estimated rental return of 8.5%)	85,000 SAR
Estimated net distributions (based on estimated rental return of 8.5%)	75,622 SAR
Expected net distribution return (%)	7.56%
Subscription fees (2.00%)	20,000 SAR—not charged to the Fund; borne directly by the subscriber

Acknowledgement and Signature

I/we acknowledge that I/we have read the Terms and Conditions of Derayah REIT Fund, understood their contents, and agree to be bound by them. A copy has been received and duly signed.

Name:	....	ID:	....
Address:	....	Mobile:	....
Phone:	....	Fax:	....
Signature:	....		