

## Alinma Hospitality REIT Risk report for 2025

The following is an assessment of the Fund's risks, which were addressed in the Fund's terms and conditions memorandum, the probability of its occurrence, and the mechanism for evaluating the specific risks.

#	Risk Type	Risk Description	Probability of Occurrence			Risk Assessment Mechanism
			Low	Medium	High	
<b>A. Risks related to the Fund and its assets:</b>						
1	The risks of investment nature and the absence of a guarantee of investment returns.	Alinma Investment Company is conducting a feasibility study for the Fund's Project before starting to operate the Fund, including evaluating the assets by certified real estate valuers in order to determine the current value of the property. It also evaluates its properties twice a year, and the Fund Manager also annually evaluates the operators of the properties owned by the Fund to ensure continued cash returns.	✓			Alinma Investment Company is conducting a feasibility study for the Fund's Project before starting to operate the Fund, including evaluating the assets by certified real estate valuers in order to determine the current value of the property. It also evaluates its properties twice a year, and the Fund Manager also annually evaluates the operators of the properties owned by the Fund to ensure continued cash returns.
2	Lack of Operating History Risk	The risks are considered relatively low given that the Fund Manager has previous experience in managing and operating income-generating properties. The Fund Manager also has extensive experience in managing real estate investment funds and will strive for future results that align with the updated fund reports.	✓			The risks are considered relatively low given that the Fund Manager has previous experience in managing and operating income-generating properties. The Fund Manager also has extensive experience in managing real estate investment funds and will strive for future results that align with the updated fund reports.
3	Liquidity Risks	The public fund is more liquid than the private fund. Public funds have the highest liquidity in ETFs. Alinma Hospitality REIT Fund Units are traded on the main market (TASI).	✓			The public fund is more liquid than the private fund. Public funds have the highest liquidity in ETFs. Alinma Hospitality REIT Fund Units are traded on the main market (TASI).
4	Operational and property management risks of real estate assets	<p>The property and operation management of the Fund's real estate assets includes several risks, including, but not limited to:</p> <ul style="list-style-type: none"> <li>• Delay in collecting returns.</li> <li>• Exceeding the specified costs for maintenance and operation.</li> <li>• Poor quality of management.</li> <li>• Inability to market real estate assets.</li> <li>• Cases of force majeure and emergency circumstances described in Article (10) Clause 3 in the terms and conditions.</li> </ul> <p>In addition to other risks, including the delay in obtaining approvals and/or renewing the government permits necessary for operation, and other government approvals and permits required for property management, and given that investment in the units in the fund is an indirect investment in real estate assets, the operation of real estate assets will have A direct and significant impact on the value of the fund's units in the event of failure or delay</p>			✓	<p>In the event of obstacles occurring in the operation and management of the Project, the Fund Manager will address them as quickly as possible and may require the assistance of third-party expertise, in addition to paying attention to the following points:</p> <ol style="list-style-type: none"> <li>1- A proven track record of the operator for similar projects.</li> <li>2- Obtaining the required approvals.</li> <li>3- Continuous follow-up with those concerned with the project.</li> <li>4- Enhancing due diligence.</li> <li>5- Aligning interests among stakeholders.</li> </ol> <p>The Fund Manager will also conduct an annual evaluation of the Fund's real estate operators to ensure that they are</p>

		in collecting returns. Fulfilling their obligations to achieve the greatest interest of the Unitholders.			fulfilling their obligations to achieve the greatest interest of the Unitholders.
5	Risks of changing real estate market conditions	The future performance of the Fund will depend largely on changes that occur in supply and demand conditions with regard to the real estate sector in general and in the regions and cities in which the Fund's real estate assets are located in particular, which may be affected by regional and local economic and political conditions, and increased competition, which can lead to a decrease in the value of real estate assets, and the fund manager may - depending on the market conditions and cash flows of the fund - change the strategy of real estate assets in a way that he deems to be in the interest of investors and in a way that does not conflict with the nature of the fund in accordance with what is described in these terms and conditions, and it is possible that These changes in the real estate market or real estate asset strategy have a significant negative impact on the fund's performance and the value of its units.	✓		The risks are considered relatively low since the Fund is focused on the hotel and hospitality sector, which is considered one of the main pillars of the future of the real estate market.
6	Risk of Potential Conflict of Interest	The Fund may be subject to a conflict of interest, as the Fund may receive Funding from Alinma Bank (The Fund Manager is a subsidiary company owned 100% by Alinma Bank) as well as the Fund Manager engage in a set of activities, including financial investments and advisory services. There may be cases in which the interests of the Fund Manager conflict with the interests of the Fund. Although the Fund Manager and any of its subsidiaries will disclose any conflict of interest that may arise as a result of its management of the Fund, any conflict of interest may limit the Fund Manager's ability to perform substantively, which may adversely affect the Fund's investments and performance.  Furthermore, the Fund shall be subject to various conflicts of interest, given that the Fund Manager, its subsidiaries, their respective managers, employees, and workers may be directly/indirectly involved in real estate activities and other commercial activities. In this regard, the Fund may from time to time deal with persons, companies, organizations, or companies that are associated with the Fund Manager's subsidiaries to facilitate investment opportunities. The entities to which the Fund Board has delegated certain responsibilities (including the Fund Manager) are not required to devote all their resources to the Fund. If any of the aforementioned entities dedicate its responsibilities/resources to third parties, this may limit its ability to dedicate its resources/responsibilities to the Fund, which may affect the Fund's ability to achieve its objectives in terms of revenue growth and achieve a better market value for the units. However, in all cases, the Fund Manager and any of its subsidiaries will disclose any conflict of interest that may arise as a result of its management of the Fund, taking into account the Fund's right to invest Funds managed by the Fund Manager as stipulated herein. See Article (25) of these terms and conditions.	✓		In the event of a conflict of interest that may adversely impact the Fund's performance, the Fund Manager will submit it to the Fund Board and take the necessary actions for the greatest interest of the Owners of the Fund Units.

7	Political Risks	The Fund's performance may be affected by the adverse effects of locally/regionally unexpected political events where the Fund's investments are located. Such political events and instability often adversely affect, directly or indirectly, the economic and commercial sectors, including the subject real estate sector, adversely affecting the Fund's revenue and the value of its units.	✓		In the event of adverse impact resulting from unexpected political events that may affect the Fund's performance, the Fund Manager together with the Board will analyze the negative impact on the Fund and develop a strategy to avoid potential harm.
8	Risks of Reliance on Key Personnel	The Fund's success mainly depends on the performance of its administrative team, including the Fund Board Members, Property Managers, and Operators. Therefore, the loss of any member services of its administrative team in general, whether due to resignation or otherwise, the Fund's inability to recruit and appoint new staff, and the Fund's inability to maintain the employees on duty shall all adversely affect the Fund's activities and its chances of success, adversely affecting the Fund's revenue and the value of its units.	✓		In the event of the loss of any member services of its administrative team in general, the Fund Manager will hold an urgent meeting with the Fund Board for a decision to avoid any interruption in the Fund's management period that may adversely affect the Fund's chances of success.
9	Investment Risks in the Investment Funds Authorized by the Authority	They are all risks similar to investment risks in investment Funds authorized by the Authority, which may be suffered by other investment Funds in which the Fund may invest, including the failure of any debtor of the invested Fund to fulfill his contractual obligations with the party agreed upon with, causing the Fund to lose all or part of the invested amount in these transactions, which, in turn, may adversely impact the Fund's performance and thus the unit value will decrease.	✓		The Fund Manager will notify investors of the investment results in the annual report. The Fund Manager only invests in low-risk money market Funds after advice from the Fund Board.
10	The risks of Failure to ensure the conformity of the Fund with Sharia standards and controls	Several Shari'a advisors, Saudi courts, and judicial committees may have different opinions on similar matters regarding compliance with Shari'a standards and controls. Therefore, potential Unitholders may want to consult their own legal and Shari'a advisors for an opinion if they so desire. Although the Shari'a Supervisory Committee has reviewed the documents related to the Fund, its point of view that the Fund adheres to Shari'a standards and controls will not bind a Saudi court or judicial committee. Any Saudi court or judicial committee will have the authority and right to decide for itself whether or not the Fund complies with the Saudi laws and Shari'a standards and controls. Therefore, the point of view of the Shari'a Supervisory Committee about the Fund's compliance with Shari'a standards and controls shall be subject to change and disagreement by other Shari'a scholars. There is no guarantee that the Fund will be considered compliant with Shari'a standards and controls by anyone other than the Shari'a Supervision Committee.	✓		The Shari'a Board reviewed the documents related to the Fund. An overview of the Shari'a Board members is included in the Fund's terms and conditions. Any investor can consult his Sharia advisor.
11	Risks related to Shari'a standards and controls	The Fund's investments shall be made in accordance with Shari'a standards and controls as determined by the Shari'a Supervision Committee. These principles shall apply to the investment structure, Fund business, and the diversification of its investments. In order to comply with these standards and controls, the Fund may be forced to give up on a specific investment, part of it, or part of its income if the investment or investment structure violates Shari'a standards and controls. Furthermore, upon compliance with Shari'a standards and controls, the Fund may lose investment opportunities if the Shari'a Supervisory Committee decides that it does not comply with Shari'a standards and controls. Therefore, the Fund cannot invest in it. Under certain circumstances, these factors may have an adverse impact on the financial performance of the Fund or its investments, compared	✓		The Fund Manager shall ensure that the investment structure complies with Shari'a controls and adheres to all Shari'a controls throughout the Fund duration. In the event of any changes in one of the investment parts contraries to the controls, the Fund Manager will offer other investments in compliance with the controls and submit them to the Board.

		to the results that may have been obtained if the Shari'a standards and controls of the Fund had not been applied.				
12	Risks of Non-Involvement in Management	Except as stated herein, investors shall have no right or authority to involve in the Fund management or to influence any of the Fund's investment decisions. All management responsibilities shall be assigned to the Fund Manager as these decisions affect the Fund's activities and thus the Unitholders.	✓			The Fund Manager shall achieve the best interest of the Unitholders, by holding periodic meetings with the related parties of the Fund (Fund Board/Marketer/ Unitholders) in order to make the necessary decisions for the Unitholders' interest.
<b>B- Risks related to the Fund's Units</b>						
1	Risks of Recourse Limitation	The Fund Investment is not a bank deposit or deposit in other insured depository institutions. The units shall represent common property in the net asset value of the Fund. The Fund Manager and/or Custodian will take sufficient measures to separate the Fund's assets from any other assets, including, but not limited to, creating a separate bank account for the Fund, maintaining accounting books and records of real estate assets, etc. The Fund Manager shall not be bound to the Unitholders for any revenue/commission. There is no guarantee that the Fund's liquidate/executable assets will be sufficient to pay all the expected unit revenue or that decisions will recover all their money.	✓			The Fund Manager shall allow the trading of Fund units throughout the Fund term. The Fund Manager has also cooperated with the Custodian to separate the Fund's assets from any other assets.
2	Risks of Trading for less than the Offering Price	Units may be traded for less than the offering price. Unitholders may not be able to recover the full value of their investment. Units may be traded for less than their value for several reasons, including unfavorable market conditions, weak investors' expectations on the feasibility of the Fund's investment strategy and policy, and increasing levels of supply over unit demand. Sales by Unitholders of many units may also cause a significant and adverse reduction in the unit's market price. Accordingly, the unit procurement is only suitable for investors who can bear the risks associated with these investments, especially since this may cause difficulty for the investor to exit the Fund or to exit for less than the market value of the Fund's assets.		✓		The Fund Manager shall fulfill the regulatory requirements related to the disclosure and publication of reports and financial statements, enabling the investor to study the current status of the Fund and anticipate the future performance of the Fund.
3	Risks of the Increase in Unit Sales	Sales of many units by Unitholders may lead to a decrease in the unit trading price. Any rumors of the Fund's performance may lead Unitholders to sell their units, which adversely affects the unit price.			✓	It is fairly high due to the fact that the Fund is traded in the main market ("TASI") and to the different segments of investors and their receptivity any positive/negative rumors/news.
4	Risks of Unit Delisting/Suspension	There is a risk that the Authority may delist or suspend the Fund's units trading at any time if it deems this necessary to protect investors or maintain market regulation or considers that the Fund Manager/Custodian has materially failed. The Authority may also delist or suspend in accordance with Article 16 of the Real Estate Investment Funds Regulations if the Fund fails to meet the liquidity standards as indicated by the market as per the listing rules. In this case, it will be likely beyond the scope of the Fund Manager's control and thus it may limit the ability of Unitholders to dispose of their owned units in the Fund.	✓			The Fund Manager shall be careful to protect investors by adhering to the requirements of the Capital Market Authority.
5	Risks of Dividend Fluctuations	Although the Fund Manager seeks dividends at least twice a year, the dividends are not less than (90%) of the Fund's net profits in accordance with the requirements of the Real Estate Investment Funds Regulations. However, there is no guarantee on the actual dividends made by the Fund.		✓		The Fund Manager aims to increase the Fund's revenues and reduce the Fund's costs as much as possible in order to achieve the highest possible dividend while studying future

						dividends and its timing to reduce the risks related to dividend fluctuations.
6	Risks of Basic Value Reflection	The traded market price of the units may not reflect the basic value of the Fund's investments. The market may also experience significant fluctuations in prices and transaction volume from time to time, causing an adverse impact on the unit's market price. Since the Fund is a traded real estate investment Fund, the unit price may be affected by many factors beyond the Fund's control.			✓	The Fund Manager shall fulfill the regulatory requirements related to the disclosure and publication of reports and financial statements, enabling the investor to study the current status of the Fund and anticipate the future performance of the Fund.
7	Unit Liquidity Risk	Except for the Fund being expired as stipulated herein, Unitholders will be able to achieve a return on their investments through trading units in the market and dividends of the Fund's net profits. Despite the unit tradability, the liquidity ratios of REIT units are less than the market liquidity of shares of companies listed on the market. It is likely that there will not be a liquid market for the units compared to the shares of companies listed on the market. Unitholders may experience difficulty selling the units at the quoted market price and/or the common net unit value of the units.			✓	The public Fund is considered more liquid than the private Fund. One of the public Funds liquidity is the traded Fund's liquidity. Alinma REIT Fund Units are traded on the main market (TASI).
8	Risk of Ownership Percentage Decrease if the total value of the Fund's assets increases according to the requirements placed by the Authority in this regard	If the Fund decides to increase the total value of its assets according to the requirements placed by the Authority in this regard, this may require further financing by issuing new units, causing a decrease in the ownership percentages of Unitholders, their voting rights, and the percentage of their owned units in the Fund of the total subscription amounts contributed to the Fund.			✓	Alinma Investment Company studies the most appropriate structure for the Fund's capital in order to achieve the best interest of the Fund's Unitholders. The reasons for capital increase and its targets are clarified, enabling the Unitholders to consider whether or not to subscribe.
<b>C- Risks Related to the Fund's Assets</b>						
1	Risks of Real Estate Investments	Investment in the Fund's units shall be subject to some risks related to the ownership of real estate assets and the real estate sector in general. As the value of the Fund's investments is in real estate assets, the net value of the unit may be adversely affected by several factors, including the depreciation of real estate assets value, inability to liquidate investments, risks related to local, regional, and international economic conditions, natural disasters, terrorist acts, wars, compliance with environmental laws, environmental liability, high financing costs, over-building of properties, financial conditions of purchasers, and real estate asset vacancy for long periods, increasing of fees and taxes imposed on real estate, changes in urban planning laws, delays in development work, cost overruns of the limits set for them, financial risks, increased competition, and other conditions in the Kingdom that affect real estate prices, adversely reflecting on the units price.			✓	In the event of negative effects resulting from real estate investment risks that may affect the Fund's performance, the Fund Manager together with the Board will analyze the negative impact on the Fund and develop a strategy to avoid potential harm.
2	Delay Risks in Completion of Construction and Development Works	Any work on real estate assets for the purposes of its improvement and development will be related to issues of planning, development, construction, real estate re-planning, and environmental and community obligations throughout the development and improvement. Any delay that may occur in the completion dates of improvement and development works will adversely affect the Fund's investments, revenue, and dividends.				✓ In the event of obstacles to the project development, the Fund Manager will address them as quickly as possible. The Fund Manager may require the assistance of third-party expertise, taking into account the following: 1- Proven record of the Developer on similar projects. 2- Obtaining approvals 3- Continuous follow-up with those concerned with the project.

						4- Due diligence promotion
3	Real Estate Assets Procurement and Sale Risks and Its Impact through Real Estate Sector Fluctuations	Investments will be subject to risks related to the real estate ownership/leasing and operations development/redevelopment, including, but not limited to, those risks related to the general economy and real estate conditions in particular related to procurement and purchase. Given the possibility of the real estate sector fluctuations, it is possible that the Fund will acquire real estate assets that their value may deteriorate later, reflecting on the market value of the Fund's investments and thus on the Fund's ability to provide dividends to investors. Furthermore, every tenant and/or operator of any of the Fund's real estate assets may be exposed to depression, leading to its failure to pay due rents and/or operating dues. Any tenant/operator may seek protection against applicable bankruptcy or insolvency laws, leading to rejection or termination of the lease contract and/or operation contract or any other negative consequences. Upon sale, the Fund may be affected by non-collection of some rents or revenues, tax increases, or hidden defects in the real estate asset structure, which adversely affects the Fund.			✓	The Fund Manager shall ensure that the acquisition process is made based on an investment feasibility study and is attractive in terms of location, revenue, and value, making it more liquid than its counterparts.
4	Risks Caused by Real Estate Development	Kindly note that there are no real estate development projects in the real estate assets targeted by the Fund. However, the Fund's investment in any real estate development projects in accordance with these terms and conditions may cause some risks arising from real estate development, including, but not limited to, (1) delay in timely work completion, (2) cost overrun, (3) failure to achieve lease contracts at expected levels, (4) force majeure resulting from factors beyond the Fund's control that relate to the contracting sector (including adverse weather and environmental conditions and the building materials shortage in the market), and (5) the issuance of any decisions related to the Saudization increase in the contracting sector may have an impact on the availability of labor to carry out development work, delaying the completion of real estate development projects. The Fund's investment in any real estate development projects also involves other risks, including obtaining the necessary governmental approvals and permits for dividing land and occupancy and other required governmental approvals and permits and real estate development costs related to projects that have not been followed up until completion. The Fund may not succeed in achieving its investment objectives if any required municipal accreditation or approval is refused or granted under unacceptable or unreasonable conditions. In such cases, the Fund may not be able to proceed with the real estate asset investment/development, adversely affecting the units' value as the expected revenues of real estate development will not be collected on time. The successful completion of these projects will have a direct and significant impact on the value of the units. Any failure to do so would lead to a decrease in the dividends to investors and the net value of the Fund assets.			✓	In the event of obstacles to the project development, the Fund Manager will address them as quickly as possible. The Fund Manager may require the assistance of third-party expertise, taking into account: 1- Proven record of the Developer on similar projects. 2- Obtaining approvals 3- Continuous follow-up with those concerned with the project. 4- Due diligence promotion
5	Custodian Risks	Although the obligations imposed on the Custodian on the separation of the Fund's assets from its own assets, from the Fund Manager's assets, and from the assets of its other clients, however, upon the Custodian exposure to cases of insolvency or bankruptcy or non-performance of his duties as required, it may lead to an impact on the real estate assets,			✓	The Fund Manager will notify investors, if the securities are lost due to the Custodian going bankrupt or failing to perform his duties, which will affect the Fund, with the action the Fund Manager will take in this regard.

		which its ownership will be recorded in the name of the special purpose company, adversely affecting the Fund's investments, revenue, and dividends.			
6	Risks of Operators and Property Managers	The Fund will rely on the experience of operators and property managers contracted to operate and manage real estate assets. Therefore, the revenue resulting from real estate assets depends on the ability of operators and property managers to lease, operate, manage, and collect. Furthermore, the operators and property managers may contract with providers such as security guards, maintenance, cleaning, and other services necessary for management and operation. Accordingly, any breach or negligence on the part of any of them (including operators and property managers) would have a direct and negative impact on the Fund's performance, revenue, and dividends.		✓	The Fund Manager shall aim to contract with operators and managers with sufficient experience and a proven record for similar projects. The Fund Manager will periodically follow up on the existing work. In the event of any defect by the operators and property managers, the Fund Manager will inform the Board members of a better alternative for the interest of the Unitholders.
7	Risks of Force Majeure and Emergencies	The Fund's value and its investments may be adversely affected by developments that result from any incidents related to force majeure, emergencies, or other exceptional circumstances, or by the actions that accompany these incidents due to matters and circumstances beyond the Fund and/or Fund Manager control, including, but not limited to, act of God, diseases, epidemics, pandemics, governmental orders/decisions related to precautionary and preventive measures, earthquakes, strikes, terrorist acts, wars, floods, fires, etc., which may adversely affect the Fund's investments and the unit price. Kindly note that the Fund Manager will not be responsible towards the Unitholders for any temporary or permanent loss of their investments, whether directly or indirectly, due to any incidents related to force majeure, emergencies, or the procedures accompanying these incidents. If any of these incidents occur, any obligation to the Fund under these terms and conditions will be postponed as required by that incident. The Fund Manager will declare the force majeure or emergencies in accordance with the imposed regulatory requirements which will be binding on all investors of the Fund.		✓	The Fund Manager will notify investors, in the event of a force majeure affecting the Fund's investments, with the action the Fund Manager will take in this regard.
8	Risks of Properties Competitiveness	There will be many other real estate assets located in the same areas as the Fund's real estate assets, which will compete with the Fund's real estate assets to attract tenants. The number of these competing real estate assets will have an impact on the Fund's ability to rent and/or operate its assets and on the amounts it can collect as rents and/or revenue of these real estate assets, which may lead to a decrease in the Fund's cash flows. The Fund's performance may be adversely affected if the percentage of real estate supply competing with the Fund increases or existing real estate assets are developed in the same locations as the Fund's real estate assets, which may force the Fund to make capital improvements or developments on the real estate assets it owns in order to maintain them or create a competitive advantage. Therefore, it will affect the periodic dividends made by the Fund, adversely affecting the unit price.		✓	The Fund Manager will study the market continuously and at the time of the Fund's assets sale, and then give recommendations to the Fund Board to make the appropriate decision.
9	Risks of the Fund's Future Revenue Reliance on the Fund's ability to attract tenants/purchasers interested in the real estate assets	Much of the Fund's income is the revenue of its real estate assets leasing, operation, and/or sale. There is no guarantee that the Fund will be able to achieve this according to the terms and conditions it seeks, which will affect the periodic dividends made by the Fund.		✓	The Fund Manager knows the sales, leasing, and/or operation revenue based on the Fund Manager's study before initiating the Fund. If prices change after initiating the project, the Fund Manager shall use many methods to

						find out the reasons and ensure that they do not cause harm to the Fund or the Unitholders.
10	The risks that the Fund may be subject to certain fixed costs that will not decrease as revenues decrease	Revenues of real estate assets leasing, operation, and/or sale that will be refunded to the Fund may decrease as a result of various adverse changes affecting the real estate assets or tenants/purchasers of the Fund. Some of the Fund's major expenditures may not decrease, including maintenance, operational costs of the real estate assets, and finance expenses when revenues decline. If leasing/selling prices and operating income decrease while costs remain the same, the Fund's revenues and monies available for dividend to Unitholders may decrease accordingly.			✓	The Fund Manager knows the sales, leasing, and/or operation revenue based on the Fund Manager's study before initiating the Fund. If there are any costs not mentioned in the preliminary study, the Fund Manager will review the impact and discuss it with the Board members to protect the interests of Unitholders.
11	Risk of inability to exit on favorable terms	Some of the real estate assets owned by the Fund may not experience appreciation in value over time, or the increase in their rental income may be lower than the fair market rate in the future. For these or other reasons, the value of a real estate asset to any potential purchaser may not increase over time, which may limit the Fund Manager's ability to sell such assets. In the event that the Fund is able to dispose of such assets, they may be sold at a price lower than the original purchase price of the relevant real estate asset. This would result in a reduction in the proceeds available to the Fund for acquiring additional real estate assets and a decrease in the Fund's capital returns, thereby reducing the overall value of the investment and negatively affecting the Fund's returns and distributions.			✓	Alinma Capital Company conducts a feasibility study for the Fund's project prior to commencing its operations. This includes the valuation of assets by certified real estate valuers to determine the current value of the property, as well as the assessment of cash flows and the project's expected profitability. The Fund Manager publishes real estate valuation reports twice annually in accordance with the requirements of the Capital Market Authority. In addition, to monitor the Fund's performance, an annual report will be issued to investors outlining the Fund's developments and progress.
12	Risks of Geographical Investment Concentration	Based on the Fund's strategy and given the initial concentration of the Fund's investments in Riyadh and Jeddah, in which they are located, the Fund's results and financial position will be affected by the economic conditions in the Kingdom and the global economic conditions affecting the Kingdom's economy, especially those that impact the cities in which they are and/or may be located. Therefore, any downturn in the real estate sector and the tourism and hospitality sector in particular in Riyadh, Jeddah, or any city in which the Fund may invest in the future will adversely affect the Fund's performance.			✓	The Fund Manager shall conduct a feasibility study for the Fund, ensure that the assets are in attractive locations, also follow up on economic developments that may affect asset prices, evaluate them periodically, and be careful to choose the most appropriate time to buy/sell these assets.
13	Risks of Seasonal Nature associated with the Hotel, Hospitality, and Tourist Accommodation Sector	The seasonal nature of the hotel, hospitality, and tourist accommodation sector in the Kingdom may have a material negative impact on real estate assets. The hotel, hospitality, and tourist accommodation sector is characterized by its seasonal nature and generally achieves the highest occupancy rates in certain seasons, taking into account the modernity of the hotel, hospitality, and tourist accommodation sector in the Kingdom. This seasonal nature is expected to cause periodic fluctuations in room revenues and rates, occupancy rates, and operating expenses. The Fund cannot provide any guarantees that cash flows will be sufficient to compensate for any decline that may occur as a result of these fluctuations. Therefore, fluctuations in financial performance resulting from the seasonal nature of the hotel, hospitality, and tourist accommodation sector may have a material adverse impact on the Fund's financial position, cash flows, operations result, and consequently the cash dividends and the value of the units. Furthermore, although the Ministry of Tourism is currently making great efforts to encourage tourism, however, any adverse change in the			✓	Alinma Investment Company shall investigate and anticipate the Fund's investment feasibility by analyzing the economic situation, the target market, and the suitability of the Fund's methods to achieve its investment goals. The Fund also signed binding lease/operation contracts for 5 years.

		visa issuance or in any of the organizations related to the hotel, hospitality, and tourist accommodation sector may affect these sectors in the Kingdom, including the Fund's investments.			
14	Risks of the Hotel, Hospitality, and Tourist Accommodation Sector	The Fund's performance will be affected by factors affecting the hotel, hospitality, and tourism accommodation sector in general. These factors may include factors related to demand levels, including any economic downturn, disease outbreaks, epidemics, quarantine or public health restrictions, any laws or regulations (including those relating to taxes and fees), disruption to local, national, and international transportation services, restriction, ban, any similar situation, or factors related to supply levels, including an increase in the hotels' supply in general, in a specific sector or place, in a specific category. The hotel, hospitality, and tourist accommodation sector is characterized by a cyclical pattern. Macroeconomy and other factors may have an adverse impact on business and personal spending, which leads to lower occupancy rates and room rates and affects the overall value of the real estate in the hotel, hospitality, and tourist accommodation sectors. Therefore, the Fund may need to exit any of its real estate assets for less than the acquisition cost, resulting in a capital loss and not being able to achieve the targeted revenue.	✓		The Fund Manager will study any investment opportunity that benefits Unitholders and will ensure that all procedures are regular.
15	Hotel Reclassification Risks	Given that the Fund's focus on the hotel, hospitality, and tourist accommodation sector, that the real estate assets are allocated for use as hotels serving the hotel, hospitality, and tourist accommodation sector, that hotels, as is known, shall fulfill the license and classification requirements in accordance with the relevant laws and regulations applied by the competent authorities (Ministry of Tourism), that the classification categories are divided into (one star, two stars, three stars, four stars, five stars, six stars) according to the Tourist Accommodation Facilities Appendix, and that hotels are subject to periodic control and supervision by the Ministry of Tourism, Accordingly, there are no guarantees that the Fund's real estate assets as hotels will not be subject to reclassification by the Ministry of Tourism to a category lower than its current category, which in turn will lead to an impact on room prices and licensing, management, and operation agreements, adversely affecting the Fund's investments, revenue, and dividends.	✓		If there is an external investment opportunity, the Fund Manager will review this opportunity, find out the external economic conditions that affect the investment, and ensure that all regulatory requirements are met. In the event of an appropriate opportunity, it will be discussed with the Board members to ensure that this opportunity will be for the best benefit of the Unitholders.
16	Risks of the Non-Liquid Nature of Real Estate Assets	Real estate assets are generally a non-liquid asset class and thus it may be difficult for the Fund to sell any of its real estate assets at a specific price and get revenue at any time at its will. It may be difficult for the Fund to sell any of its real estate assets without experiencing a discount in price (mainly in a time of market decline, especially those assets that are liquidated as large real estate assets), especially if the Fund is forced to sell any of its real estate assets.		✓	The Fund Manager shall ensure that fees are a variable percentage of revenues so that if rents decrease (if any), fees shall be decreased as well. Since it is expected that part of the costs will be fixed costs, it will be reviewed periodically to make the necessary decision for the interest of the Unitholders.
17	Risks of the Fund's Real Estate Assets Non-Occupation for long periods	Due to a demand decrease or any other reason, when any of the Fund's real estate assets becomes vacant for long periods as a result of any reasons or circumstances, the Fund may suffer a decrease in revenue and thus in periodic dividends to the Fund's investors. Moreover, as the value of real estate assets depends largely on the rental and/or operation contracts of that asset, the sale value of those assets, which can be collected, remain		✓	The Fund Manager shall insure the Fund's assets against a part of the aforementioned risks, such as accidents and fires. The losses resulting from these accidents and their causes to third parties shall also be insured. The insurance

		unrented, and/or partially or fully operated for relatively long periods may decrease. Therefore, the revenue may be achieved for the Fund's investors may decrease, adversely affecting the Fund's investments, revenue, and dividends.			company and the insurance coverage amount shall be reviewed and compared to the value of the insured. The geographic distribution of the Fund's assets shall also reduce the existing risk of natural disasters.
18	Risks of Beneficial Rights Investment	Although the real estate assets targeted by the Fund do not contain beneficial rights and all of them will be acquired as freehold property, however, the Fund may invest in beneficial rights as stipulated herein. Therefore, the beneficial rights investment may result in the non-compliance of any of the relevant parties under the contracts to be concluded on the beneficial rights investment, and accordingly, cases of non-compliance may lead to the cancellation of these beneficial rights. These beneficial rights may also be canceled in cases of expropriation of the invested real estate asset through beneficial rights, which will have a negative impact on the Fund's revenue and the value of its units.	✓		Alinma Investment Company shall review the feasibility of any investment opportunity, in the event of the Fund's acquisition of any income-generating asset, the income of the acquired property shall cover the financing costs.
19	The risks of investment in structurally developed properties capable of generating periodic rental income outside the Kingdom	Although the real estate assets targeted by the Fund do not contain any real estate assets outside the Kingdom, the Fund may invest in real estate assets outside the Kingdom as stipulated herein. Therefore, investment in real estate assets outside the Kingdom involves many risks such as currency exchange rates, political and economic fluctuations, high costs to the investor, and information security risks. The Fund Manager will try to make investments subject to regulatory and supervisory requirements at least similar to those applied by the Kingdom whenever the Fund Manager decides to invest outside the Kingdom. However, if any of the above occurs, this may affect the Fund's profits and/or the valuation of its assets, which will adversely affect the price of its units.	✓		Alinma Investment Company shall review the submitted finance offers and choose the most appropriate finance structure for the Fund to protect the interests of Unitholders.
20	Risk of High Operational Costs	The Fund's purchase of any real estate assets generally involves operational risks, which may adversely affect the Fund's performance. If any of the Fund's real estate assets are partially vacant or if the collected revenues are insufficient to cover the operational costs of that asset, the Fund will be forced to cover the operating costs of that asset from the rest of its assets. The operational costs of real estate assets include, but are not limited to, the costs of common utilities and services, management fees, real estate asset insurance, repairs and maintenance, and other costs related to the operation of the Fund's real estate assets, which adversely affects the Fund's investments, revenue, and dividends.		✓	Alinma Investment Company shall review the feasibility of any investment opportunity, in the event of the Fund's acquisition of any income-generating asset, the income of the acquired property shall cover the financing costs.
21	Risks of the Real Estate Assets Insurance	The Fund may undertake Takaful insurance on all real estate assets owned by the Fund to reduce the risk of direct physical damage that may occur to any of these assets. The material damages that may occur to real estate assets may exceed the amounts received through insurance since the terms of the insurance policy may not cover the total losses that the Fund will bear, meaning that part of the rehabilitation costs of the construction of real estate assets will be incurred by the Fund. Moreover, the Fund will not be compensated for part or all of the loss resulting from not collecting rents and/or revenue from the damaged real estate assets, meaning that periodic dividends to Unitholders will be adversely affected. There are also types of material losses and damages resulting from natural disasters that cannot be insured, its insurance is not economically feasible, that can be insured on a limited and conditional basis, or that the Fund becomes unable to continue	✓		The Fund Manager shall invest cash surpluses in low-risk products, provided that the revenue of these Funds and the risks associated with them are reviewed, noting that the amounts invested in money market Funds are considered insignificant compared to the size of the Fund's assets.

		obtaining insurance coverage at commercially reasonable prices, including losses and damages resulting from wars, terrorist acts, earthquakes, floods, hurricanes, environmental disasters, and other devastating events may occur on a large scale. In such cases, the Fund's real estate assets may not have adequate insurance coverage or insurance coverage at all. If a catastrophic event occurs that causes damage or destruction to one or more of the Fund's real estate assets, the Fund may lose the amount of its investment in that asset and its profits expected to be achieved by leasing it, which will adversely affect the Fund's investments, revenues, and dividends.			
22	Risks of Finance and Assets Mortgage	<p>Since the Fund Manager may try to obtain financing for the Fund as stipulated herein, however, the economic conditions related to local and global monetary and financial policy may lead to higher financing costs. Furthermore, financing costs in general may have an adverse impact on the Fund's net revenue if rental and/or operating revenue decrease for whatever reason and thus will have an adverse impact on the Fund's performance as a whole. The use of financing may also cause a reduction in the net value of the unit in the event of a decrease in the Fund's real estate assets value. All of these reasons may lead to adverse effects on the Fund's operating results and financial condition.</p> <p>Furthermore, if financing is obtained and the Fund's revenue drops below the value of the Murabaha profits on financing, this leads to an additional decrease in the Fund's revenue value. Moreover, the Fund's assets can be mortgaged to sponsors only for the benefit of the Fund. Those sponsors can claim the assets immediately upon any default (as stipulated in the financing documents) by the special purpose company or the Fund itself.</p>		✓	If fees are imposed on white lands, the Fund Manager will follow up on procedures with the Ministry of Housing to cancel the fees imposed on white lands. If a solution is not reached, the Fund Manager shall file a claim to remove these fees.
23	Risks of Entering into Restrictive Financing Agreements	Some sponsors may place restrictions on the Fund that limit its ability to make periodic dividends, the value of the investment as a whole, the Fund's operational policies, and the Fund's ability to obtain other financing. Financing agreements may include clauses related to the extent to which real estate assets can be mortgaged more than once, the type and terms of insurance contracts for mortgaged real estate assets, or even a change of one of the other parties involved in the Fund, such as operators and property managers. Such and other restrictions may limit the Fund's ability to achieve its investment and operational objectives, and thus may adversely affect the value of the investment units and the amount of periodic dividends, which adversely affects the Fund's investments and the unit price.	✓		The Fund Manager completed acquisitions of real estate assets.
24	Risks of High Murabaha Finance Rates	If the Fund obtains financing/facilities with a variable profit, the increase in profit rates will lead to an increase in the Murabaha profits paid on the financing, thus reducing cash flows and the Fund's ability to make periodic dividends. Furthermore, when the Fund repays financing with a variable profit rate during periods of high-profit rates, it shall liquidate one or more of the Fund's real estate assets at a time that may not be appropriate to sell such assets, which may adversely affect the Fund's investments and the unit price.		✓	The Fund Manager shall periodically monitor investment opportunities, review their feasibility for the interest of Unitholders, and submit them to the Board.
25	Risks of the Investment in the Real Estate Companies	As stipulated herein and whenever the Fund invests in real estate companies, such investment involves the same general risks to which the real estate sector is exposed and mentioned herein. Therefore, its effect extends to the shares owned by the Fund. No	✓		If ownership of an asset of the Fund is expropriated, the Fund Manager will seek fair compensation. After the compensation amount is received, a decision will be made on reinvesting or distributing that amount.

		assurance can be given that the Fund will be able to achieve any revenue to the invested capital.				
26	Risks of White Lands Tariff	Although the Fund may not invest in white lands, Unitholders may bear the negative effects resulting from imposing fees on white lands, which is represented by the expansion of the establishment of income-generating real estate projects as a result of the development of white lands, and consequently, a decrease in the value of the Fund's assets, which It affects the Fund's returns adversely. In addition to imposing fees on white lands in the Kingdom, these fees provide an incentive for other developers to develop unexploited lands, but they could also lead to an increase in levels of competition in the real estate sector market.	✓			Alinma Investment Company shall investigate and anticipate the investment feasibility of the Fund by analyzing the economic situation, the target market, and the suitability of the Fund's methods to achieve its investment goals. The Fund Manager also contracted with companies with experience in the hotel sector to lease and operate the Fund's assets. The Fund Manager also evaluates these companies on an annual basis. If one of the tenants/operators fails to fulfill its contractual obligations, the Fund Manager will submit other alternatives to the Board members.
27	Risks of Target Real Estate Assets Acquisition	Considering the Fund Manager's commitment to the Real Estate Investment Funds Regulations, the Fund expects to complete the acquisition of the targeted real estate assets within (60) days from the end of the offering period. Despite the legal obligation of purchase contracts, if a party to the purchase contracts fails to implement its obligations, the acquisition of all or part of the targeted real estate assets may not take place within (60) days from the date of the end of the offering period or at any time at all. In this case, the Fund will need to determine and terminate acquisitions of other real estate assets before it can begin providing dividends to Unitholders. Failure to do so, the Fund Manager will liquidate the Fund and carry out the procedures referred to in Article (14) in Terms and Conditions.	✓			In the event of default or breach by any of the parties contracting with it, the Fund Manager will immediately inform the Unitholders and offer appropriate solutions and alternatives to achieve the interest of the Unitholders.
28	Risks of not providing suitable investments in the future	Some of the Fund's investments, as of its date, are selected by the Fund Manager. Therefore, there will be no opportunity for Unitholders to evaluate economic, financial, or other factors with respect to future investments (additional real estate assets that the Fund may acquire in the future). No guarantee can be given that, after acquiring the targeted real estate assets, the Fund Manager will be able to determine investments in conformity with the Fund's investment objectives, specifically in the current market environment. Identifying and structuring appropriate investments for the Fund is a bit complex and highly uncertain. The Fund Manager's inability to identify appropriate investments may adversely affect the Fund's ability to achieve the desired growth in the market value of the units. The delay in identifying and acquiring appropriate real estate assets adversely affects the periodic dividends of profits, adversely affecting the unit price. As stipulated on the date hereof, with the exception of the targeted real estate assets, the Fund Manager has not determined the Fund's investments that are scheduled to be made after the listing date (additional real estate assets that the Fund may acquire in the future). The Fund's investors will not have any opportunity to evaluate economic, financial, and other relevant information relating to those assets.	✓			The Fund Manager shall contract with accredited evaluators to obtain an evaluation of the Fund's assets twice a year. The evaluation shall be published on the Fund Manager's website and the Market website. In the event that Market conditions change, the Fund Manager will analyze and study the market and then advise the Fund Board to make the necessary decisions.

29	Risks of expropriation	Some government agencies in the Kingdom shall have the right to expropriate real estate assets to achieve common benefit (for example, but not limited to, roads and public facilities construction). In theory, the compensation value for the expropriated real estate asset is supposed to be equal to the market value of this asset. It is not guaranteed as the compensation value may be less than the market value of the real estate asset at the expropriation, the value paid upon purchase, or the compensation may be in kind (an alternative real estate asset). In the event of expropriation, the compulsory acquisition of the real estate asset shall take place after a notice period that is not legally specified as its approval is based on a special system. Although compensation may be paid, there is a risk that the compensation will be insufficient in comparison to the investment size, the lost profit, or the increase in the value of the investment. If expropriation occurs, the dividends to Unitholders and the trading price of the units will decline and Unitholders will lose all or part of their invested capital.	✓		The Fund Manager will contract with accredited evaluators to obtain an evaluation of the Fund's assets twice a year. The evaluation shall be published on the Fund Manager's website and the Market website.
30	Risks of Tenants and/or Operators in Specialized Sectors	Taking into account the Fund's focus on the hotel, hospitality, and tourist accommodation sector in its investments, the Fund's performance will be affected by the factors that affect specialized real estate sectors such as the hotel, hospitality, and tourist accommodation sector in its investments in which the Fund invests or may invest in the future. Given that the specialized real estate sectors require management and operation by specialized and licensed entities based on that they are specialists, the success of such specialized sectors such as the hotel sector, hospitality, and tourist accommodation depends greatly on the capabilities and expertise of those specialized and licensed entities. Therefore, if any of the regulatory authorities to which any of the specialized, licensed, and contracted entities may be subject by the Fund do not renew, cancel, or refuse to extend any of the licenses or approvals or impose any specific restrictions, this may have an adverse impact on the Fund's investments. Thus, it adversely affects the periodic dividends, which will adversely affect the unit price.		✓	With regard to the assets currently acquired by the Fund, a sufficient period has passed since their acquisition to expect that the risk is considered low along with mortgages, restrictions, or disputes over the ownership of the assets. The Fund Manager shall appoint a competent legal office that investigates the ownership of assets authorized by specialized legal authorities. The Fund Manager shall ensure that they represent full disposal rights and do not have any mortgage, right, or appeal that has not been disclosed. Furthermore, the real estate purchase contracts include the seller's commitment that the property shall be free of any of the aforementioned risks.
31	Risks of Third Parties Default and Breach	The Fund will be subject to the credit risks of the parties with whom the Fund conducts its business. The Fund may also bear the risks of default settlement, default, and payment default by tenants and/or operators. The Fund will also be subject - in certain circumstances - to the risks of default and breach of obligations by third parties contracted with, including, but not limited to, property managers, operators, custodians, and/or the auditor, which would adversely affect the performance of the Fund and thus the unit price.		✓	The Fund Manager will follow up on economic developments and events affecting the assets' value and submit them to and advise the Board members for the interest of the Unitholders.
32	Risks of the Fund's Net Assets Evaluation	The Fund's net asset value is determined at least once every six months. However, the Fund's asset value may change between the assessments. Therefore, the unit market price may be determined based on historical information which may not reflect the current value of the Fund's basic investments. Moreover, the fees due to the Fund Manager are only modified from one evaluation to another. Therefore, the unit owner is unaware of the Fund's updated net asset value during this period and may dispose of the Fund units in a way that adversely affects the revenue of his investment.	✓		The Fund Manager shall contract with accredited evaluators to obtain an evaluation of the Fund's assets twice a year. The evaluation shall be published on the Fund Manager's website and the Market website. In the event that Market conditions change, the Fund Manager will analyze and study the market and then advise the Fund Board to make the necessary decisions.

33	Real Estate Asset Evaluation Risks	The evaluation of real estate assets generally depends on various factors that may be difficult to determine. The Fund's real estate asset is evaluated based on calculations and estimates prepared by independent evaluators. The evaluation process is considered an assessment process of the real estate assets' value and is not an accurate measure of the value to be obtained when selling those real estate assets. The real estate asset will also be evaluated by certified and independent evaluators known for their experience, honesty, and knowledge in the real estate sector in accordance with the requirements placed by the Authority's regulations. If the evaluators determine a value less than the value expected by the Fund, this may materially affect the revenue rate that the Fund is expected to achieve. Consequently, this adversely affects the Fund's revenues.	✓		The Fund Manager will contract with accredited evaluators to obtain an evaluation of the Fund's assets twice a year. The evaluation shall be published on the Fund Manager's website and the Market website.
34	Risks of the possibility of challenging the ownership of the Fund's real estate assets	Ownership of real estate in the Kingdom raises some potential legal issues. There are no effective and binding central real estate records in the Kingdom. Title deeds may not necessarily represent the full disposition rights of the property ownership and may be subject to appeal as Saudi courts do not recognize the buyer's "good faith" defense against real estate claims. Moreover, it is not required to the existence of a contract between two persons to be able to ask the other to return ownership of a real estate asset. Accordingly, legal disputes may arise regarding the real estate assets that the Fund will acquire (through the Special Purpose Company), which may weaken the Fund's ability (through the Special Purpose Company) to dispose of or transfer assets with ownership free of encumbrances and restrictions. In some cases, it may cause the Fund to lose ownership of the real estate assets that it believed were acquired legally. Furthermore, these disputes on the ownership may fundamentally affect the value of the real estate assets and thus the value of the Fund units.	✓		With regard to the assets currently acquired from the Fund, a sufficient period of time has passed since their acquisition to expect that the risk is considered low in the presence of mortgages, restrictions, disputes, or disputes over the ownership of the assets. The Fund Manager also appoints a specialized legal office that investigates the ownership of assets by specialized legal authorities and ensures that they represent full disposal rights and do not have any mortgage, right, or appeal that has not been disclosed. Also, real estate purchase contracts include the seller's commitment that the property be free of any property. The risks mentioned.
35	Fund Termination Risks	If the Fund is terminated, the Fund Manager must initiate liquidation procedures. This may result in the Fund's assets being sold at times that are not ideal, at a price that may not reflect fair market value, or in a manner that may not be the best way to sell them. All of these matters have a material adverse impact on the Funds' revenue and the final price received by the Unitholders.		✓	The Fund Manager will follow up on economic developments and events affecting the assets' value and submit them to and advise the Board members for the interest of the Unitholders.

#### D- Other Risks

1	Risks of the Fund's Legal Status	The Fund does not have a special legal status, but rather it is a contractual arrangement and agreement between the Unitholders and the Fund Manager in accordance with these terms and conditions. Therefore, the interpretation method of any Saudi government body or Saudi court for the difference between the legal status of the Fund and of the Fund Manager and/or the special purpose company is considered a potential risk to the legal status of the Fund. This is a matter that, to our knowledge, has not yet been tested in the Kingdom. However, any changes in the Kingdom's Capital Market Authority's law, amendments to regulations, or inappropriate interpretations of any of these may have significant impacts on the Fund's activities and performance. The Fund and its Unitholders will bear the risks associated with any such changes or interpretations, any of which may	✓		In the event of any legal issue, the Fund Manager shall try to assist the Legal Department or those with legal experience, such as competent legal offices, to clarify the difference between the Fund Manager Company and the Fund Assets Custody Company.
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		be unsuitable for them, including the ownership restrictions, valuation procedures, etc., which may adversely affect the Fund and its investments.			
2	Technical risks	The Fund Manager relies on the use of technology to manage the Fund, but its technical information systems may be exposed to hacking operations, viruses, or partial or complete failure beyond the Fund Manager's control, which limits the Fund Manager's ability to manage the Fund's investments effectively, which adversely affects on the Fund's performance and thus on the Fund's Unitholders.	✓		The Fund Manager shall try to ensure that the information systems are not exposed to any external risk that may adversely affect the Fund's performance. The systems are monitored periodically by technicians.
3	Legal, Regulatory, and Legislative Risks	The information contained in these terms and conditions is based on the existing laws, regulations, and legislation at the time of issuance of these terms and conditions. Regulatory and legislative changes or other changes may occur in the investment environment in the Kingdom during the term of the Fund, which could have a negative impact on the Fund or its investments. Or Unitholders.			✓ The Fund Manager will discuss the new decisions across the Fund's Board. They will be discussed and look for ways to mitigate risks.
4	Risks of zakat, fees, and taxes application	The information contained herein is based on the tax and zakat laws in place at the time of issuance hereof. Changes may occur to the tax and zakat laws throughout the Fund term, which could have an adverse impact on the Fund, its investments, or the Unitholders. If any changes occur to the tax and zakat laws during the Fund term, the Fund will be bound by these changes in the tax and zakat laws and will bear responsibility for that. The Fund Manager will not be responsible for any taxes, zakat, or any other amounts imposed or may be imposed by any relevant body on the Fund's assets (including, but not limited to, white land fees or any contracts between sellers of real estate assets and third parties prior to the establishment of the Fund). Whenever the Fund incurs any tax, this would reduce the cash available for the Fund's operations and the potential dividends paid to Unitholders, so potential investors should consult their tax advisors on the taxes resulting from the units' investment and sale.	✓		A consultant specializing in the tax and zakat aspects shall be recruited, who is responsible for submitting revenue, changes study, and necessary recommendations to avoid any violations or fines related to the Fund's activities. The Fund Manager shall periodically review the latest developments and regulatory legal changes and ensure the Fund's compliance with that. Any regulatory, tax, or zakat updates that may affect the Fund's business shall be discussed. The Unitholders shall be notified of any material impact on their investments.
5	VAT Risks	VAT came into effect, as is known, on 01 January 2018, as a VAT to the system of taxes and other applicable fees by specific sectors in the Kingdom as mentioned by the Saudi Zakat, Tax, and Customs Authority. Accordingly, whenever any of the VAT special cases apply to any of the services provided to the Fund or to any income of the Fund, this will affect the Fund and any such other laws and regulations. In the event of a breach of any of the obligations imposed under the laws and regulations related to VAT, this will lead to the imposition of financial fines and other regulatory penalties, which may adversely affect the Fund and its investments. Therefore, Unitholders should seek advice on the VAT impact on their investments in the Fund.	✓		A consultant specializing in the tax and zakat aspects shall be recruited, who is responsible for submitting revenue, changes study, and necessary recommendations to avoid any violations or fines related to the Fund's activities. The Fund Manager shall periodically review the latest developments and regulatory legal changes and ensure the Fund's compliance with them. Any regulatory, tax, or zakat updates that may affect the Fund's business shall be discussed. The Unitholders shall be notified of any material impact on their investments.
6	Real Estate Transaction Tax Risks	The Real Estate Transaction Tax came into effect, as is known, on 17/02/1442 AH as mentioned by the Saudi Zakat, Tax and Customs Authority. It is imposed on all real estate transactions according to the percentage specified under the executive regulations for the Real Estate Transaction Tax and any amendments thereof. It shall be paid before or during vacation by the seller or as agreed upon. As with any other laws and regulations, in the event of a breach of any of the obligations made under the laws and regulations related to	✓		A consultant specializing in the tax and zakat aspects shall be recruited, who is responsible for submitting revenue, changes study, and necessary recommendations to avoid any violations or fines related to the Fund's activities.

			the Real Estate Transaction Tax, this will lead to financial fines and other regulatory penalties, which may adversely affect the Fund and its investments.				The Fund Manager shall periodically review the latest developments and regulatory legal changes and ensure the Fund's compliance with them. Any regulatory, tax, or zakat updates that may affect the Fund's business shall be discussed. The Unitholders shall be notified of any material impact on their investments.
7	Income Tax Risk		There are currently no taxes on investment funds in the Kingdom of Saudi Arabia. However, there is no guarantee that the applicable current laws in the Kingdom of Saudi Arabia will not change. Therefore, the Fund will comply with any changes in the laws and will bear responsibility for that. The Fund or the Fund Manager will not be responsible for any taxes, zakat, or any other amounts imposed or may be imposed by any relevant body in relation to the Fund.	✓			A consultant specializing in the tax and zakat aspects shall be recruited, who is responsible for submitting revenue, changes study, and necessary recommendations to avoid any violations or fines related to the Fund's activities. The Fund Manager shall periodically review the latest developments and regulatory legal changes and ensure the Fund's compliance with them. Any regulatory, tax, or zakat updates that may affect the Fund's business shall be discussed. The Unitholders shall be notified of any material impact on their investments.
8	Risks related to government and municipality approvals		The Fund may not succeed in achieving its investment objectives in the event of failure to issue or renew the necessary approvals or licenses for any real estate assets, which may adversely affect the Fund's investments and the unit price, with the possibility of imposing financial fines and other regulatory penalties under the relevant laws and regulations and the adverse impact on the Fund's investments and unit price.	✓			The Fund Manager shall fulfill the necessary requirements to obtain governmental and municipality approvals. Failure to do so, the Fund's Board will be notified to take the necessary action.
9	Saudization Risks (Job Localization)		In implementation of Saudization policies, the competent and relevant authorities in the Kingdom may require the employment of a high percentage of Saudis in several sectors, including the real estate sector and the hotel, hospitality, and tourist accommodation. It is not clear at this stage to what extent the Fund and its investments will be required to adhere to such policies. However, Saudization may require increasing the employment rate or providing additional training, which will lead to additional costs and higher operational costs to be deducted from the Fund's net income. Consequently, the net profits of the Fund and its investments will decrease, which will adversely affect the profits of Unitholders.	✓			The Fund Manager is proud of being a leader in applying Localization standards, raising Saudization rates, trying to train employees in accordance with the highest standards on a regular and continuous basis. For operators, it is common for their contracts to be of a fixed value. Therefore, it shall carry out its work regardless of its cost.
10	Risks of Proceedings towards Third Parties		The Fund is vulnerable to the possibility of initiating procedures, and filing disputes and claims towards third parties due to the nature of its activities. In this case, the Fund will bear legal fees in relation to addressing third-party claims and settlement/judgments amounts, which would decrease the Fund's assets and the available cash dividend to Unitholders. The Fund Manager and others are entitled to obtain compensation from the Fund in relation to these judicial disputes, subject to certain restrictions based on the nature of any of the procedures, disputes, or claims that adversely affect the profits of Unitholders.	✓			The Fund Manager seeks the assistance of competent legal offices to avoid judicial disputes. In the event of any legal dispute, the Fund Manager will hold a meeting of the Fund's Board to take the necessary decisions.
11	Risks of Liabilities Limitation and Indemnity		These terms and conditions set out the circumstances in which the Fund Manager, its shareholders (Owners of the Fund Manager), its directors, its officers, its employees, its advisors, and its subsidiaries will be liable to the Fund and its Unitholders. As a result, the right of Unitholders to refer to the Fund Manager and take action against it in certain cases	✓			The Fund Manager shall ensure that all fees and charges are clearly recorded in the Fund's terms and conditions. All expenses and costs paid by the Fund are periodically disclosed.

		is limited compared to cases in which such conditions are not stipulated. The Fund may also be obligated to compensate the Fund Manager, its directors, officers, employees, agents, subsidiaries, and the Fund's Board members for some claims, losses, damages, and expenses arising from their actions on behalf of the Fund whenever they occur. These compensation obligations could materially affect the Unitholders' returns.			Specialized (tax, legal, technical) advisors are used to include all expected expenses in the Fund documents. Due to the Fund Manager's experience in managing many funds, unexpected claims, losses, damages, and expenses are rare.
12	Future Data Risks	These terms and conditions may include future statements about future events or the Fund's future performance. In some cases, future statements can be identified by terms such as: "expect", "believe", "continue", "estimate", "wait", "intend", "may", "plans", "projects", "supposed", "will", or the opposite of these terms or other similar terms. These statements are forecasts only and actual events or results may differ materially. Upon evaluating these statements, investors must specifically consider several factors, including the risks set forth in this Article (10) of the Terms and Conditions. These factors could cause actual events or results to differ materially from any future statements. The Fund Manager does not bear any responsibility to update any future statements after the date hereof in order to conform these data with actual results or changes in expectations.	✓		The Fund Manager shall ensure that the statements are clear to investors and do not contain words or expressions that may lead to influencing investors' decisions. If there are any statements that affect investors' decisions, the Fund Manager will amend them directly.