

الخبير ريت  
Alkhabeer REIT



## TERMS AND CONDITIONS

A) Fund Name, Type and Class:

**Alkhabeer REIT Fund**

**(A closed-ended public Shari'a-compliant real estate investment traded fund)**



الخبير المالية  
Alkhabeer Capital



## TERMS AND CONDITIONS

### 1) Fund Name, Type and Class:

#### Alkhabeer REIT Fund

A closed-ended public Shari'a-compliant real estate investment traded fund to be listed on Saudi Tadawul.

Shari'a Certificate: AKC-694-88-03-06-17

This version of the Terms and Conditions was amended:

- On 17/03/2022, corresponding to 14/08/1443, in accordance with the provisions of Annex (2) of the Real Estate Investment Funds Regulations.
- On 16/04/1445 corresponding to 31/10/2023, which reflects the circular of the Capital Market Authority regarding updates of the Zakat, Tax and Customs Authority.
- On 22/02/1446 corresponding to 26/08/2024, which reflects certified valuers have been added to evaluate the fund's assets.

### 2) Fund Manager: Alkhabeer Capital



### 3) Custodian: Alinma Investment Company

### 4) Fund Size, Number and Value of Offered Units, and Ratio to Total Fund Size

Details of the Fund at Initial Offering	
Number of Fund Units	66,442,386 Units
Fund Capital (Par Value)	SAR 664,423,860
Fund's Total Asset Value (As per the financial statements dated 31 December 2019)	SAR 984,713,814

Description	Details of the First Subsequent Offering	Details of the Target Second Subsequent Offering
Number of Subsequent Offering Units	36,528,627 Units	38,037,835 Units
Number of Subsequent Offering Units In-Kind	32,732,950 Units	22,301,335 Units
Number of Subsequent Offering Units In-Cash	3,795,677 Units	15,736,500 Units
Subscription Price (Offering Price per Unit) (rounded to the second decimal place)	SAR 8.91	SAR 8.83*



Total Subscription Value (Total Value of Subsequent Offering Units at Subscription Price)	SAR 325,302,022	SAR 335,497,508
Par Value per Unit	SAR 10.00	SAR 10.00
Capital Increase (at Par Value)	SAR 365,286,270	SAR 380,378,350
Increase in Fund's Total Asset Value	SAR 722,802,022	SAR 335,497,508

\*The Subscription Price is to the fourth decimal place. It is equal to SAR 8.8201. The Subscription Price plus Subscription Fees and applicable VAT is SAR 9.0230. The offered Subscription Price (plus Subscription Fees and applicable VAT) is SAR 9.03 per Unit, rounded up. Subscription at the Offering Price (plus Subscription Fees and applicable VAT) (SAR 9.03 per Unit) will produce a surplus based on the Subscription Price plus Subscription Fees and applicable VAT, rounded to the fourth decimal place (SAR 9,0230). The surplus will be reimbursed within 15 business days after the closing date of the Offering Period.

Description	Fund Details After the First Increase of the Fund's Total Asset Value	Fund Details After the Target Second Increase of the Fund's Total Asset Value
Number of Fund Units	102,971,013 Units	141,008,848 Units
Fund Capital (at Par Value)	SAR 1,029,710,130	SAR 1,410,088,480
Fund's Total Asset Value	SAR 1,727,230,401 (As per the latest audited pro forma financial statements dated 30 September 2020)	SAR 2,062,727,909

#### Representations and Clarification Statement:

- These Terms and Conditions are issued on 09/02/1440 (corresponding to 18/10/2018).
- The Capital Market Authority (CMA) approved the offering and registration of the Units of Alkhabeer REIT Fund in Saudi Tadawul on 07/02/1440 (corresponding to 16/10/2018).
- This version of the Terms and Conditions was amended on 17/03/2022, corresponding to 14/08/1443, in accordance with the provisions of Annex (2) of the Real Estate Investment Funds Regulations.
- This version of the Terms and Conditions was amended on 16/04/1445 corresponding to 31/10/2023, which reflects the circular of the Capital Market Authority regarding updates of the Zakat, Tax and Customs Authority.
- **This is the amended version of the Fund's Terms and Conditions, which were amended on 22/02/1446 corresponding to 26/08/2024, which reflects certified valuers have been added to evaluate the fund's assets.**
- CMA's approval of the increase of the Fund's Total Asset Value was obtained on 25/05/1442 (corresponding to 04/01/2021). CMA's approval was obtained on material amendments subsequent to CMA's approval of the increase of the Fund's Total Asset Value on 11/07/1442 corresponding to 23/02/2021):
  1. Amendment of the details of the increase of the Fund's Total Asset Value after the withdrawal of a targeted property located in the City of Riyadh. The details were updated to reflect the increase of the Fund's Total Asset Value from SAR 1,727,230,401 (according to the latest audited pro forma financial statements dated 30 September 2020), to SAR







2,062,727,909, where the capital was increased from 1,029,710,130 to SAR 1,410,088,480 by offering 38,037,835 subsequent units by way of accepting in-kind and cash contributions at the target Subscription Price of SAR 8.8201 per Unit. Thus, the total value of the target subscription of the Second Subsequent Offering equals SAR 335,497,508 (at an issue discount of SAR 44,880,842).

2. The Fund does not use any financing to fund the acquisition of additional real estate assets. As such, the financing structure fees do not apply to the Second Subsequent Offering.
  3. Subscription Fees of 2% are applied to all Subscribers in cash in the Second Subsequent Offering.
  4. Capital structuring fees do not apply to the Second Subsequent Offering.
  5. The Fund's returns and related schedules are updated.
  6. The Second Subsequent Offering period and the projected time table of the Second Subsequent Offering are updated.
  7. The Receiving Banks are updated with the addition of Al Rajhi Bank to replace Saudi Fransi Banque.
- The CMA does not make any representation as to the accuracy or completeness of this document, and disclaims itself from any liability or any loss arising from, or incurred in reliance upon, any part of this document. Prospective subscribers to the Fund Units offered hereby should conduct their own due diligence as to the accuracy of the information relating to the Units subject of the Offering. If unable to understand the contents of this document, they should consult a licensed financial advisor.
  - Prospective Subscribers in the Units of the Fund must read the Terms and Conditions of Alkhabeer REIT Fund and all related documents of the Fund.
  - Prospective investors shall conduct necessary due diligence to verify the investment opportunities offered hereby, and shall consult a Zakat and tax advisor about the Zakat or tax they may be required to pay as a result of holding, trading or disposing in any other manner of, the Fund Units. Prospective investors should not consider the opinions and estimates provided by the Fund Manager in these Terms and Conditions as recommendations to invest in the Fund.
  - Alkhabeer REIT Fund has been certified as being a real estate investment traded fund that is compliant with the Shari'a Guidelines permitted by the Fund's Shari'a Supervisory Committee.
  - The investor's investment in the Fund shall be deemed as a representation by the investor of having read and accepted the Terms and Conditions of the Fund.



The Terms and Conditions of Alkhabeer REIT Fund were updated to reflect the following amendments:





Current Version			Proposed Version				
3. Fund Directory							
<b>Auditor</b> Al Azem, Al Sudairy, Al Shaikh & Partners CPA's & Consultants (Member of Crowe Global)			<b>Auditor</b> Crowe Solutions for Professional Consulting (Member of Crowe Global)				
<b>Fund's Appointed Valuers</b>	<b>White Cubes</b>	<b>Abaad Real Estate Valuation Company (Formerly Intimaa Advanced Company)</b>	<b>Fund's Appointed Valuers</b>	<b>White Cubes</b>	<b>Abaad Real Estate Valuation Company (Formerly Intimaa Advanced Company)</b>	<b>Esnad Real Estate Valuation Company</b>	<b>Century 21 Real Estate Valuation &amp; Partner (Century 21 Saudi Arabia)</b>
Address	No. 408, Al Malga Prince Muhammad bin Saad Road P.O. Box 2955, Riyadh 13524 Kingdom of Saudi Arabia	Osh Building, 5th Floor, Office 22 Mohammed Ibrahim Masoud Street, Al Salamah District P.O. Box 4688, Jeddah 23524 Kingdom of Saudi Arabia	Logo				
Contact Info	+966 11 254 2126	920004134	Address	No. 408, Al Malga Prince Muhammad bin Saad Road P.O. Box 2955, Riyadh 13524 Kingdom of Saudi Arabia	Osh Building, 5th Floor, Office 22 Mohammed Ibrahim Masoud Street, Al Salamah District P.O. Box 4688, Jeddah 23524 Kingdom of Saudi Arabia	Al Nahda District, Mohammed Bin Abi Bakr Street P.O. Box 21454 Jeddah 1575 Kingdom of Saudi Arabia	Riyadh - Anas Bin Malik Road - Al Malqa District
Website	http://whitecubesre.com	N/A	Contact Info	+966 11 254 2126	920004134		
			Website	http://whitecubesre.com	N/A	www.esnadrealestate.com	https://century21.sa/
4. Fund Summary							
<b>Auditor Fees</b> The Fund shall pay the Auditor annual Fees of SAR 75,000.			<b>Auditor Fees</b> The Fund shall pay the Auditor annual Fees of SAR 80,000.				
<b>Property Management Fees</b> Home Works Center			<b>Property Management Fees</b> <b>Home Works Center</b> The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.				
9. Summary of Strategies to be Adopted by the Fund			Fund to Achieve its Objectives				
<b>(c) Detailed Description of the Initial Real Estate Assets</b> 4. Home Works Center			<b>(c) Detailed Description of the Initial Real Estate Assets</b> 4. Home Works Center**** **** The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.				
<b>Summary of Target Returns of the Real Estate Assets at the Level of the Properties for 2021*</b> 4. Home Works Center			<b>Summary of Target Returns of the Real Estate Assets at the Level of the Properties for 2021*</b> 4. Home Works Center** ** The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.				
The following table shows the percentage rent of each			The following table shows the percentage rent of each				



<b>lessee to total rental value:</b> Home Works Center	<b>lessee to total rental value:</b> Home Works Center** ** The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.
<b>(d) Description of the Real Estate Assets</b> Fourth Property: Home Works Center	<b>(d) Description of the Real Estate Assets</b> Fourth Property: Home Works Center The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.
<b>(e) Policy resulting in investment concentration in real estate properties of a certain type or in a certain geography, including a statement describing the investment property(ies) title deed(S), where applicable.</b> Following are the details of the tile deeds of the real estate assets: 7. P & Q (formerly Home Works Center)	<b>(e) Policy resulting in investment concentration in real estate properties of a certain type or in a certain geography, including a statement describing the investment property(ies) title deed(S), where applicable.</b> Following are the details of the tile deeds of the real estate assets: 7. P & Q (formerly Home Works Center)  The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.
<b>(f) Previous and Total target rental revenues per property / leasehold</b> Home Works Center	<b>(f) Previous and Total target rental revenues per property / leasehold</b> Home Works Center* * The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.
<b>10. Risks of Investing in the Fund</b>	
Lack of Building Completion Certificates: The Fund acquired Home Works Center, Ahlan Court, BIN II Plaza, Elite Commercial Center, Vision Education Colleges – Jeddah and Akun Warehouses. It is noted that no certificates of completion were issued by the municipalities concerned. In addition, the Fund may acquire in the future properties without certificates of completion of building works issued by the municipality concerned. As such, the Fund will be subject to penalties imposed by various government departments due to the failure to obtain a certificate of completion, or for obtaining a certificate of completion which is not reconcile with the relevant building permits. This may have an adverse effect on the Fund's returns and distributions to Unitholders.	Lack of Building Completion Certificates: The Fund acquired Home Works Center (The property was sold on 28/03/2024 for 87.6 million Saudi Riyals), Ahlan Court, BIN II Plaza, Elite Commercial Center, Vision Education Colleges – Jeddah and Akun Warehouses. It is noted that no certificates of completion were issued by the municipalities concerned. In addition, the Fund may acquire in the future properties without certificates of completion of building works issued by the municipality concerned. As such, the Fund will be subject to penalties imposed by various government departments due to the failure to obtain a certificate of completion, or for obtaining a certificate of completion which is not reconcile with the relevant building permits. This may have an adverse effect on the Fund's returns and distributions to Unitholders.
<b>As at the date of these Terms and Conditions, the following Fund Assets were mortgaged to the Financier (Al Rajhi Bank):</b> - Home Works Center	<b>As at the date of these Terms and Conditions, the following Fund Assets were mortgaged to the Financier (Al Rajhi Bank):</b> - Home Works Center (The property was sold on 28/03/2024 for 87.6 million Saudi Riyals)
<b>15. Fees, Service Charges, Commissions and Management Fees</b>	
<b>5. Auditor Fees</b> The Fund shall pay the Auditor an annual fee of SAR 75,000. Auditor Fees shall be paid semi-annually.	<b>5. Auditor Fees</b> The Fund shall pay the Auditor an annual fee of SAR 80,000. Auditor Fees shall be paid semi-annually.
<b>8. Property Management Fees</b> Home Works Center	<b>8. Property Management Fees</b> Home Works Center The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.
<b>Brokerage fees on Initial Real Estate Assets</b> 4. Home Works Center	<b>Brokerage fees on Initial Real Estate Assets</b> 4. Home Works Center * * The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.





1. Method of Calculation of Fees, Charges and Commissions Auditor's Fees SAR 75,000 annually					1. Method of Calculation of Fees, Charges and Commissions Auditor's Fees SAR 80,000 annually				
2. Table Showing a Hypothetical Investment of the Unitholder					2. Table Showing a Hypothetical Investment of the Unitholder				
	First Year of the Second Subsequent Offering		From Year 2 to Year 10 of the Second Subsequent Offering			First Year of the Second Subsequent Offering		From Year 2 to Year 10 of the Second Subsequent Offering	
Type of Fees	Fund Fees	Investment Fees	Fund Fees	Investment Fees	Type of Fees	Fund Fees	Investment Fees	Fund Fees	Investment Fees
Auditor Fees (SAR 75,000)	75,000	53	75,000	53	Auditor Fees (SAR 80,000)	75,000	53	80,000	57
Total Recurring Fees and Expenses	56,022,289	39,729	56,022,289	39,729	Total Recurring Fees and Expenses	56,022,289	39,729	56,058,289	39,755
Ratio of Fund's Recurring Costs to Total Asset Value	2.71%		2.72%		Ratio of Fund's Recurring Costs to Total Asset Value	2.72%		2.72%	
Hypothetical Net Investment Amount After Return	1,512,056,205	1,072,313	1,512,056,205	1,072,313	Hypothetical Net Investment Amount After Return	1,483,197,923	1,051,847	1,483,197,923	1,051,847
Hypothetical Net Return on Investment	101,967,725	72,313	101,967,725	72,313	Hypothetical Net Return on Investment	101,947,725	72,299	101,911,725	72,273
16. Insurance									
Home Works Center					Home Works Center* * The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.				
17. Fund Assets									
Fund's Appointed Valuers	White Cubes		Abaad Real Estate Valuation Company (Formerly Intimaa Advanced Company)		Fund's Appointed Valuers	White Cubes	Abaad Real Estate Valuation Company (Formerly Intimaa Advanced Company)	Esnad Real Estate Valuation Company	Century 21 Real Estate Valuation & Partner (Century 21 Saudi Arabia)
Address	No. 408, Al Malga Prince Muhammad bin Saad Road P.O. Box 2955, Riyadh 13524 Kingdom of Saudi Arabia		Osh Building, 5th Floor, Office 22 Mohammed Ibrahim Masoud Street, Al Salamah District P.O. Box 4688, Jeddah 23524 Kingdom of Saudi Arabia		Logo				
Contact Info	+966 11 254 2126		920004134		Address	No. 408, Al Malga Prince Muhammad bin Saad Road P.O. Box 2955, Riyadh 13524 Kingdom of Saudi Arabia	Osh Building, 5th Floor, Office 22 Mohammed Ibrahim Masoud Street, Al Salamah District P.O. Box 4688, Jeddah 23524 Kingdom of Saudi Arabia	Al Nahda District, Mohammed Bin Abi Bakr Street P.O. Box 21454 Jeddah 1575 Kingdom of Saudi Arabia	Riyadh - Anas Bin Malik Road - Al Malqa District
Website	http://whitecubesre.com		N/A						



		Contact Info	+966 11 254 2126	920004134					
		Website	http://whitecubesre.com	N/A	www.esnadrealstate.com	https://century21.sa/			
<b>Valuation of the Initial Assets (as at July 2018)</b> Home Works Center			<b>Valuation of the Initial Assets (as at July 2018)</b> Home Works Center* * The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.						
<b>18. Fund Board</b>									
<b>(e) Statement Showing any Other Funds Managed by any of the Fund Board Members</b> The memberships of the Fund's Board of Directors in other funds have been updated.									
<b>22. Property Management Company</b>									
<b>Home Works Center</b>			<b>Home Works Center*</b> * The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.						
<b>23. Auditor</b>									
Al Azem, Al Sudairy, Al Shaikh & Partners CPA's & Consultants (Member of Crowe Global)			Crowe Solutions for Professional Consulting (Member of Crowe Global)						
<b>29. Other Information</b>									
<b>Contracts Related to the Initial Real Estate Assets and the First and Second Additional Real Estate Assets, as follows:</b> <b>Home Works Center</b>			<b>Contracts Related to the Initial Real Estate Assets and the First and Second Additional Real Estate Assets, as follows:</b> <b>Home Works Center</b> The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.						
<b>Other Material Contracts are as follows:</b> • <b>Auditor Agreement:</b> The Fund appointed Ernst & Young to review the financial statements of the Fund on a semi-annual basis (unaudited statements) and on an annual basis (audited statements) in accordance with the standards set forth by the Saudi Organization of Certified Public Accountants (SOCPA).			<b>Other Material Contracts are as follows:</b> • <b>Auditor Agreement:</b> The Fund appointed Crowe Solutions for Professional Consulting (Member of Crowe Global) to review the financial statements of the Fund on a semi-annual basis (unaudited statements) and on an annual basis (audited statements) in accordance with the standards set forth by the Saudi Organization of Certified Public Accountants (SOCPA).						
<b>Appendix (2) – Summary Financial Disclosure</b>									
<b>Auditor Fees</b> The Fund shall pay the Auditor annual Fees of SAR 75,000.			<b>Auditor Fees</b> The Fund shall pay the Auditor annual Fees of SAR 80,000.						
<b>Property Management Fees</b> Home Works Center			<b>Property Management Fees</b> Home Works Center The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.						
<b>Appendix (3) – Example of Calculation of Fees and the Total Expense Ratio of the Fund</b>									
	First Year of the Second Subsequent Offering		From Year 2 to Year 10 of the Second Subsequent Offering			First Year of the Second Subsequent Offering		From Year 2 to Year 10 of the Second Subsequent Offering	
Type of Fees	Fund Fees	Investment Fees	Fund Fees	Investment Fees	Type of Fees	Fund Fees	Investment Fees	Fund Fees	Investment Fees
Auditor Fees (SAR 75,000)	75,000	53	75,000	53	Auditor Fees (SAR 80,000)	75,000	53	80,000	57
Total Recurring Fees and Expenses	56,022,289	39,729	56,022,289	39,729	Total Recurring Fees and Expenses	56,022,289	39,729	56,058,289	39,755
Ratio of Fund's Recurring Costs to Total Asset	2.71%		2.72%		Ratio of Fund's Recurring Costs to Total Asset	2.72%		2.72%	





Value					Value				
Hypothetical Net Investment Amount After Return	1,512,056,205	1,072,313	1,512,056,205	1,072,313	Hypothetical Net Investment Amount After Return	1,483,197,923	1,051,847	1,483,197,923	1,051,847
Hypothetical Net Return on Investment	101,967,725	72,313	101,967,725	72,313	Hypothetical Net Return on Investment	101,947,725	72,299	101,911,725	72,273

**According to our letter sent to the Capital Market Authority on 26/08/2024.**

**This document is only a translation of the Arabic version of the Terms and Conditions that was submitted to the Capital Market Authority. In case of any discrepancy between the English and Arabic version, the Arabic version will prevail. If the client desires to subscribe in the Fund, they must sign the Arabic version of the Terms and Conditions approved by the Capital Market Authority.**



## Summary Breakdown of the Fund's Total Asset Value Increase

### Breakdown of the Fund's Total Asset Value before and after the increase:

Description	Prior to any increase in the Fund's Total Asset Value	First Increase by Way of the First Subsequent Offering	Post increase of the Fund's Total Asset Value by Way of the First Subsequent Offering	Second Increase by Way of the Second Subsequent Offering	Post increase of the Fund's Total Asset Value by Way of the Second Subsequent Offering
Fund's Total Asset Value (SAR)	984,713,814 <sup>1</sup>	722,802,022	1,727,230,401 <sup>1</sup>	335,497,508	2,062,727,909
Drawdown Financing Amount	340,000,000	397,500,000	737,500,000	0	737,500,000
Fund's Capital (by Par Value) (SAR)	664,423,860	365,286,270 <sup>2</sup>	1,029,710,130	380,378,350 <sup>3</sup>	1,410,088,480
Total Par Value of Offered Units against Cash Subscription (SAR)	237,544,860	37,956,770	275,501,630	157,365,000	432,866,630
Total Par Value of Offered Units against In-Kind Subscription (SAR)	426,879,000	327,329,500	754,208,500	223,013,350	977,221,850
Total Subscription Amount at the Target Subscription Price (SAR)	664,423,860	325,302,022 <sup>2</sup>	989,725,882	335,497,508 <sup>3</sup>	1,325,223,390
Total Number of Fund Units (Unit)	66,442,386	36,528,627	102,971,013	38,037,835 <sup>4</sup>	141,008,848
Number of Units Offered against Cash Subscription (Unit)	23,754,486	3,795,677	27,550,163	15,736,500	43,286,663
Number of Units Offered against In-Kind Subscription (Unit)	42,687,900	32,732,950	75,420,850	22,301,335	97,722,185
Unit Price at Par Value (SAR)	10.00	10.00	10.00	10.00	10.00



Target Subscription Price per Unit during the Offering Period (SAR)	10.00	8.91 <sup>5</sup>	-	8.83 <sup>5</sup>	-
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<sup>1</sup> Fund's Total Asset Value before any increase in the Fund's Total Asset Value is in accordance with the financial statements dated 31 December 2019 and the Fund's Total Asset Value post increase of the Fund's Total Asset Value by way of the First Subsequent Offering is in accordance with the latest pro forma audited financial statements as at 30 September 2020.

<sup>2</sup> The difference between the Subscription Price of the First Subsequent Offering and the Par Value was recorded as at a discount in the Unitholders' Net Asset Section of the balance sheet (and based on the First Subsequent Offering Subscription Price of SAR 8.9054, there will be a discount on the issue of SAR 39,984,248).

<sup>3</sup> The difference between the target Subscription Price and the Par Value will be recorded as an issue discount or premium in the Unitholders' Net Asset Section of the balance sheet (and based on the target Subscription Price of SAR 8.8201, there will be a discount on the issue of SAR 44,880,842).

<sup>4</sup> For the purposes of calculating the number of subsequent Units offered for subscription in cash or in kind, and in the event where there are fractional Units, the number is rounded to a whole number of Units.

<sup>5</sup> Rounded to the second decimal place. The Subscription Price of the Second Subsequent Offering is rounded to the fourth decimal place, and is equal to SAR 8.8201. The Subscription Price plus Subscription Fees and applicable VAT is SAR 9.0230. The Offered Subscription Price (plus Subscription Fees and applicable VAT) equals SAR 9.03, rounded up. The Subscription at the offered price (plus Subscription Fees and applicable VAT) (SAR 9.03) will produce a surplus based on the Subscription Price plus Subscription Fees and applicable VAT, rounded to the fourth decimal place (SAR 9.0230). The surplus will be reimbursed within 15 business days after the closing date of the Offering Period.

The Fund intends to increase its Total Asset Value by way of the second subsequent offering by issuing subsequent Units (Second Subsequent Units) totaling 38,037,835 Units. The Units will be issued at par of SAR 10 per Unit. Thus, the par value of the Fund's capital increase is SAR 380,378,350.

The Second Subsequent Units will be offered at the target Subscription Price of SAR 8.8201 per Units, according to the subsequent Units pricing mechanism, which depends on the weighted average of the Unit Price based on the trading volume and the closing price for the last 20 trading days before the issue of CMA's approval, up to not more than the Net Asset Value (NAV) per Unit according to the last audited financial statements dated 30 September 2020, amounting to SAR 8.8201; that is the target Subscription Price is calculated based on the lower value.

As such, the total value of the Second Subsequent Units at the target Subscription Price (total value of the subscription) equals SAR 335,497,508, a total of 38,037,835 Units.

In the event the target Subscription Price of the subsequent Units is less than the par value, the difference will be recorded as a discount on the issue in the section of the net assets of the Unitholders in the balance sheet. In the event the target Subscription Price of the subsequent Units is higher than the par value, the difference shall be recorded as a premium on the issue in the section of the net assets of the Unitholders in the balance sheet. Based on the target Subscription Price of SAR 8.8201, there will be a discount on the issue of SAR 44,880,842.

It is intended to receive the value of the Second Subsequent Units to increase the Fund's Total Asset Value by way of the Second Subsequent Offering, in the form of: (1) an in-kind Offering: 22,301,335 Units to the sellers of the second additional real estate assets in return for their in-kind contributions, or SAR 223,013,350 (using the Par Value of the Second Subsequent Units); (2) cash offering: 15,736,500 Units, or SAR 157,365,000 (using the Par Value of the Second Subsequent Units).

Thus the total number of the Fund's Units becomes 141,008,848 Units, and the Fund's Capital after the Second Subsequent Offering becomes SAR 1,410,088,480 (using the Par Value for the subsequent Units).



## 1. Important Notice

These Terms and Conditions contain detailed information relating to Alkhabeer REIT Fund (the “**Fund**”) and the offering of Units in the Fund (the “**Units**”). When submitting an application to subscribe for Units, investors will be treated as applying solely on the basis of the information contained in these Terms and Conditions, copies of which are available on the websites of Alkhabeer Capital (the “**Fund Manager**”) ([www.alkhabeer.com](http://www.alkhabeer.com)), the Saudi Arabian Capital Market Authority (the “**CMA**”) ([www.cma.org.sa](http://www.cma.org.sa)) or the Saudi Arabian Stock Exchange (“Saudi Tadawul”) ([www.saudiexchange.sa](http://www.saudiexchange.sa)).

Prospective investors must read the entire Terms and Conditions before purchasing Units in the Fund. An investment in the Fund involves certain risks, and may not be suitable for all investors. Investors must be willing to assume the risks associated with an investment in the Fund, which are described in Clause (10) of these Terms and Conditions titled “Risks of Investing in the Fund”. The investor’s purchase of any Fund Units constitutes a declaration on his part that he has read and accepted the Terms and Conditions of the Fund.

These Terms and Conditions have been prepared by the Fund Manager, being a Saudi Arabian closed joint stock company registered with Saudi Arabian Commercial Registration under No. 4030177445, and an Authorized Person licensed by the CMA under License No. 07074-37, in accordance with the provisions of the Real Estate Investment Funds Regulations issued by the Board of the CMA pursuant to Resolution No. 1–193-2006, dated 19/06/1427 (corresponding to 15/07/2006) (the “**Real Estate Investment Funds Regulations**”), to the extent that does not conflict with the nature of the Fund.

These Terms and Conditions include information that has been presented in compliance with the requirements for registration and admission to listing of the Units on Saudi Tadawul in accordance with the Real Estate Investment Funds Regulations.

The Fund Manager accepts full responsibility for the accuracy and validity of the information contained in these Terms and Conditions, and affirms that, according to the best of its knowledge and belief, after making all possible reasonable enquiries, there are no other facts the exclusion of which from these Terms and Conditions would make any statement contained herein misleading. While the Fund Manager has made all reasonable enquiries as to the accuracy of the information contained in these Terms and Conditions as at the date hereof, a substantial portion of the information contained in these Terms and Conditions which relevant to the real estate market and industry, is derived from external sources. Although the Fund Manager has no reason to believe that the real estate market and industry information is materially inaccurate, the Fund Manager has not independently verified such information. The Fund Manager and the advisors do not give any assurance as to the accuracy or completeness of this information.

The CMA does not bear any responsibility for the contents of these Terms and Conditions, and does not provide any assurances regarding the validity or completeness of these Terms and Conditions. Further, the CMA shall not be responsible for any financial loss resulting from the application of any provision contained in these Terms and Conditions, or any reliance thereon.

These Terms and Conditions are not to be regarded as a recommendation on the part of the Fund Manager to participate in the Initial Offering, or to participate in the two increases of the Fund's Total Asset Value by way of the First and Second Subsequent Offerings of the Units. Moreover, the information provided in these Terms and Conditions is of a general nature, and has been prepared without taking into account the individual investment objectives, financial situation or personal investment needs of the persons who intend to invest in the offered Units. Prior to making any investment decision, each recipient of a copy of these Terms and Conditions shall be responsible for obtaining an independent professional advice from a CMA-licensed financial advisor in relation to the Initial Offering, and shall rely on its own examination of the appropriateness of both the investment opportunity and the information contained herein with regard to the investor's individual objectives, financial situation and needs, including the merits and risks involved in investing in the Fund. An investment in the Fund may be appropriate for some investors but not others, and prospective investors should not rely on another party's decision to invest or not to invest as a basis for their own examination of the investment opportunity and such investor's individual circumstances.

The information contained in these Terms and Conditions as at the date of its issue, remains subject to change after taking necessary action and obtaining requisite approvals. In particular, the value of the offered Units may be adversely affected by future developments, such as inflation, interest rates, and taxation or any economic, political or other factors, over which the Fund Manager has no control (for further details, please see Clause (10) of these Terms and Conditions titled "Risks of Investing in the Fund"). Neither these Terms and Conditions, nor any verbal or written information in relation to the offered Units, are intended to be, or should be construed or relied upon in any way as, a guarantee or affirmation of future earnings, results or events.

Forecasts set forth in these Terms and Conditions have been prepared on the basis of assumptions made based on the Fund Manager's information according to its market experience, as well as on publicly-available market information. Future operating conditions may differ from the assumptions used, and consequently no affirmation, representation or warranty is made with respect to the accuracy or completeness of any of these forecasts.

Certain statements contained in these Terms and Conditions constitute, or may be deemed to constitute, "forward-looking assumptions". Such assumptions can generally be identified by the use of forward-looking words such as "plans", "estimates", "believes", "expects", "anticipates", "may", "will", "should", "expected" or "would be", the negative form thereof, other variations of such terms or any comparable terminology. These forward-looking assumptions reflect the current views of the Fund Manager with respect to the future events, but are not considered as a guarantee of the future performance. Many factors could cause the actual results, performance or achievements of the Fund to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking assumptions. Some of these risks and factors that could have such an effect are described in more detail in other sections of these Terms and Conditions (for further details, please refer to Clause (10) of these Terms and Conditions titled "Risks of Investing in the Fund"). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be incorrect or inaccurate, the Fund's actual results may vary materially from those described in these Terms and Conditions as anticipated, estimated or planned.

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## 2. Definitions

The following words and phrases, whenever used in these Terms and Conditions, shall have the following meanings, unless the context otherwise requires:

<b>“Capital Market Institutions Regulations”</b>	Means the Capital Markets Institutions Regulations issued by CMA Board Resolution No. (1-83-2005) dated 21 Jumada I 1426, corresponding to 28 June 2005, pursuant to the Capital Market Law promulgated by Royal Decree No. (M/30) dated 2 Jumada II 1424, as amended by CMA Board Resolution No. (2-75-2020) dated 22 Dhul Hijja 1441, corresponding to 12 August 2020.
<b>“Business Day”</b>	Means any day on which banks are open for business in Saudi Arabia.
<b>“Terms and Conditions”</b>	These Terms and Conditions of Alkhabeer REIT Fund, which are issued by Alkhabeer Capital in its capacity as Fund Manager in accordance with the provisions of the Real Estate Investment Funds Regulations issued by the CMA Board pursuant to its Resolution Number 1-193-2006 dated 19 Jumada II 1427, corresponding to 15 July 2006, pursuant to the Capital Market Law promulgated by Royal Decree No. (M/30) dated 2 Jumada II 1424, as amended by CMA Board Resolution No. (02-22-2021) dated 12 Rajab 1442, corresponding to 24 February 2021.
<b>“Fund Capital”</b>	Means the Subscription Amounts subscribed for by the investors in the Fund, in cash and in kind.
<b>“Closing Date”</b>	Has the meaning given to this Expression in Clause (11) of these Terms and Conditions.
<b>“Closing Date of the Subsequent Offering”</b>	Has the meaning given to this Expression in Clause (11) of these Terms and Conditions.
<b>“Allocation Completion Date”</b>	Means the date on which the Fund Manager completes the allocation of the Units and announces it to the Investors.
<b>“Inception Date”</b>	In the date on which the Fund starts its actual activity.
<b>“CMA” or “Authority”</b>	Means the Saudi Arabian Capital Market Authority.
<b>“Fiscal Year”</b>	Has the meaning given to this Expression in Clause (24) of these Terms and Conditions, titled “Financial Statements”.
<b>“Fund”</b>	Means Alkhabeer REIT Fund, a closed-ended Shari’a-compliant real estate investment traded fund managed by the Fund Manager.



<b>“Fund Manager”</b>	Means Alkhabeer Capital, a CMA Authorized Person under License No. 07074-37.
<b>“Fund Term”</b>	Means 99 years starting as from the Listing Date, renewable for a similar term at the discretion of the Fund Manager, following obtaining CMA's approval.
<b>“Initial Offering Price” or “Unit Price at Initial Offering”</b>	Means the price at which Units will be offered during the Initial Offering Period, being SAR 10.
<b>“Initial Offering Period”</b>	Means the period during which the Units were offered pursuant to the Real Estate Investment Funds Regulations, and which ran for 15 Business Days, commencing on 03/03/1440, corresponding to 11/11/2018, and ending on 21/03/1440, corresponding to 29/11/2018.
<b>“First Subsequent Offering Period”</b>	Means the period during which the first addition Units were offered pursuant to the Real Estate Investment Funds Regulations, and which ran for 10 Business Days, commencing on 28/11/1441, corresponding to 19/07/2020, and ending on 16/12/1441, corresponding to 06/08/2020.
<b>“Second Subsequent Offering Period”</b>	Means the period during which the Second Subsequent Units will be offered pursuant to the Real Estate Investment Funds Regulations, running for 15 Business Days, commencing on 18/02/1442, corresponding to 30/05/2021, and ending on 07/11/1442, corresponding to 17/06/2021, renewable for a period of 10 days, subject to CMA's approval.
<b>“Initial Real Estate Assets”</b>	Means all real estate assets which were acquired by the Fund directly after the Fund's Inception Date, as shown in the “Initial Real Estate Assets Introductory Summary” (See Clause (9) of the Terms and Conditions).
<b>“First Additional Real Estate Properties”</b>	Means all real estate assets which were acquired by the Fund with the increase of the Fund's Total Asset Value by way of the First Subsequent Offering, as shown in the “First Additional Real Estate Assets Introductory Summary” (See Clause (9) of the Terms and Conditions).
<b>“Second Additional Real Estate Properties”</b>	Means all real estate assets which will be acquired by the Fund with the increase of the Fund's Total Asset Value by way of the Second Subsequent Offering, as shown in the “Second Additional Real Estate Assets Introductory Summary” (See Clause (9) of the Terms and Conditions).
<b>“Fund's Total Asset Value” or “Total Asset Value of the Fund”</b>	The Total Asset Value of the Fund is the total market value of all the real estate assets, cash amounts, profits on the Fund's investments, all receivables, the market value non-real estate



	investments, and the present value of any other assets held by the Fund.										
“Fund’s Total Asset Value before the increase of the Fund’s Total Asset Value, according to the latest Audited Pro Forma Financial Statements (as at 30 September 2020)”	SAR 1,727,230,401, which is the Fund’s Total Asset Value before the second increase of the Fund’s Total Asset Value according to the latest audited pro forma financial statements, as at 30 September 2020.										
“Fund’s Total Asset Value after the increase of the Fund’s Total Asset Value, according to the latest Audited Pro Forma Financial Statements (as at 30 September 2020)”	<p>SAR 2,062,727,909, which is the Fund’s Total Asset Value after the increase of the Fund’s Total Asset Value by way of the Second Subsequent Offering, according to the latest audited pro forma financial statements, as at 30 September 2020, in addition to the total value of subscriptions in the Second Subsequent Offering to be raised through the Second Subsequent Offering. For clarification, see the following equation:</p> <table><tr><td>Fund’s Total Asset Value before the Second increase of the Fund’s Total Asset Value according to the latest financial statements (as at 30 September 2020</td><td>+</td><td>Total value of subscriptions in the Second Subsequent Offering at the target Subscription Price</td><td>=</td><td>Fund’s Total Asset Value after the second increase of the Fund’s Total Asset Value according to the latest financial statements (as at 30 September 2020</td></tr><tr><td>1,727,230,401</td><td>+</td><td>335,497,508</td><td>=</td><td>2,062,727,909</td></tr></table>	Fund’s Total Asset Value before the Second increase of the Fund’s Total Asset Value according to the latest financial statements (as at 30 September 2020	+	Total value of subscriptions in the Second Subsequent Offering at the target Subscription Price	=	Fund’s Total Asset Value after the second increase of the Fund’s Total Asset Value according to the latest financial statements (as at 30 September 2020	1,727,230,401	+	335,497,508	=	2,062,727,909
Fund’s Total Asset Value before the Second increase of the Fund’s Total Asset Value according to the latest financial statements (as at 30 September 2020	+	Total value of subscriptions in the Second Subsequent Offering at the target Subscription Price	=	Fund’s Total Asset Value after the second increase of the Fund’s Total Asset Value according to the latest financial statements (as at 30 September 2020							
1,727,230,401	+	335,497,508	=	2,062,727,909							
“Net Asset Value”, “Fund’s Net Asset Value” or “Fund NAV”	The Fund’s NAV is calculated by deducting the Fund’s total liabilities (including any financial liabilities, fees and expenses due and payable by the Fund during the covered period) out of the Fund’s total assets.										
“Net Asset Value per Unit” or “Unit/NAV”	It is an indicative value for each Unit calculated by dividing the Fund’s Net Asset Value by the number of Fund Units.										
“Initial Offering”	Means the Initial Offering of the Units in accordance with these Terms and Conditions.										
“First Subsequent Offering”	Means the First Subsequent Offering of the Units in accordance with these Terms and Conditions.										
“Second Subsequent Offering”	Means the Second Subsequent Offering of the Units in accordance with these Terms and Conditions.										
“Public Unitholder”	Means any Unitholder who is not one of the following: (a) any Unitholder holding 5% or more of the Units; or (b) the Fund Manager and its affiliates; or										



	(c) member of the Fund Board.
<b>“Real Estate Investment Funds Regulations”</b>	Means the Real Estate Investment Funds Regulations issued by the CMA Board pursuant to its Resolution Number 1-193-2006 dated 19 Jumada II 1427, corresponding to 15 July 2006, pursuant to the Capital Market Law promulgated by Royal Decree No. (M/30) dated 2 Jumada II 1424, as amended by CMA Board Resolution No. (2-22-2021) dated 12 Rajab 1442, corresponding to 24 February 2021.
<b>“Related Parties”</b>	Mean any of the following: (a) the Fund Manager and the Sub-Manager; (b) the Custodian and the Sub-Custodian; (c) the Developer and the Engineering Firm; (d) the Property Manager, where applicable; (e) the Accredited Valuer; (f) the Fund Auditor; (g) the Fund Board; (g) any Unitholder holding more than 5% of the Fund’s NAV; (h) any person who controls, or is an affiliate of, one of the aforementioned persons.
<b>“Receiving Entity/Entities”</b>	Means the entities who receive the applications for subscription in Alkhabeer REIT, as described in these Terms and Conditions.
<b>“Operating Expenses”</b>	Mean the operating expenses, including without limitation: property management costs, operation management costs, costs of utilities, maintenance, spare parts, security and insurance.
<b>“Net Annual Rent”</b>	Means the total annual rental value less operating expenses, if any.
<b>“Tax(es)”</b>	A financial tax paid to the state or to a local government agency, as a contribution to covering public expenditures, without receiving a special benefit in return for paying the tax.
<b>“Value Added Tax (VAT)”</b>	According to ZATCA, the Value Added Tax (VAT) is defined as an indirect tax levied on all goods and services purchased and sold by entities, with certain exceptions. It is considered to be an essential source of income which supports the budgets of states. The Kingdom committed to apply the Value Added Tax starting 1 January 2018 (14.04.1439), and it was levied at every stage of the supply chain stages, starting with production, through distribution, and up to the stage of the final sale of the good or service. The consumer pays the cost of the Value Added Tax on goods and services bought, while the enterprises pay the government the Value Added Tax that is collected through the consumer purchase transactions. Enterprises recover the Value Added Tax they pay to their suppliers.
<b>“Real Estate Transactions Tax”</b>	A tax levied in accordance with the Implementing Regulations of the Real Estate Transactions Tax, promulgated by Royal Decree No. (A/84) dated 14/02/1442, starting as of 4 October 2020, at a percentage of the value of the property to be sold or transferred, irrespective of the property’s condition or status. This includes land and structures built on it. It is required to be paid before or



	during the transfer of title of the property or at the time notarization of the contracts. The tax is calculated based on the value of the property as agreed by and between the seller and the buyer.
<b>“Government Fees”</b>	Government Fees are charges collected by the government for services provided to citizens. Such services are exclusively provided by the government. The fees include, without limitation, municipal fees, economic activity licensing fees, trademark registration fees.
<b>“Target Rate of Return”</b>	The target rate of return are the ratio of target rental income to the Fund’s Capital (excluding VAT).
<b>“Target Net Rate of Return”</b>	The target net rate of return is the ratio of target net rental income, less all Fund fees and expenses, to the Fund’s Capital (excluding VAT).
<b>“Fund’s Net Profits”</b>	Mean the Fund’s total returns, including rents of the properties, in addition to the profits of other investments, less the total expenses borne by the Fund.
<b>“Internal Rate of Return (IRR)”</b>	Is the rate of discount at which the net present value of all cash flows of a given enterprise, is equal to zero.
<b>“Retained Income”</b>	Means the amounts retained by the Fund after distributing not less than 90% of the Fund’s annual net profits, excluding the profits resulting from the sale of the real estate assets and other investments.
<b>“SAR”</b>	Means a Saudi Arabian Riyal, the lawful currency of the Kingdom.
<b>“Shari’a Supervisory Committee” and “Shari’a Board”</b>	Means the Shariyah Review Bureau.
<b>“Shari’a Guidelines of the Shari’a Supervisory Committee”</b>	Mean the Shari’a Guidelines of the Fund’s Shari’a Supervisory Committee, upon which the eligibility for Investments is determined by the Fund, as set out in Appendix (5).
<b>“SPV” or “Fund Assets Custody Vehicle”</b>	Means a limited liability company established by the Custodian to hold title to the Fund’s assets.
<b>“Subscription Amount”</b>	Means the amount contributed by a Unitholder upon subscribing to the Fund.
<b>“Unit”</b>	Means a Unit in the Fund, which entitles its holder to a common interest in the Fund’s assets.
<b>“Initial Units”</b>	The Fund Units issued as part of the Initial Offering, a total of 66,442,386 Units. The Unit Price during the Initial Offering Period





	is SAR 10 per Unit. As such, the Fund's Capital (before increase) is SAR 664,423,860.
<b>"First Subsequent Units"</b>	The Units issued in the First Subsequent Offering. The value of these Units is SAR 365,286,270 using the par value of the Subsequent Units (SAR 10 per Unit). The total number of these Units is 36,528,627.
<b>"Second Subsequent Units"</b>	<p>The Units to be issued in the Second Subsequent Offering. The value of these Units is SAR 380,378,350 using the par value of the Second Subsequent Units (SAR 10 per Unit). The total number of these Units is 38,037,835.</p> <p>The price of the Second Subsequent Units will be based on the weighted average of the Unit Price (based on the trading volume and the closing price for the last 20 trading days prior to the issue of CMA's approval), not exceeding the Fund's NAV per Unit according to the latest audited pro forma financial statements as at 30 September 2020, amounting to SAR 8.8201 per Unit; that is, the target Subscription Price will be calculated on the basis of the lower value.</p> <p>Whereas the weighted average of the closing price of the last 20 trading days before the issue of CMA's approval, equals SAR 9.4227, which is higher than the Fund's NAV per Unit of SAR 8.8201 per Unit as at 30 December 2020, the Fund's NAV per Unit as at 30 September 2020 is used as the target Subscription Price of the Second Subsequent Units.</p> <p>For further detail on how the target Subscription Price is calculated, see Appendix (8).</p>
<b>"Unitholder"</b>	Means the investor who invests in the Fund by holding its Units.
<b>"Indemnified Party"</b>	Means the Fund Manager or any of its managers, officers, employees, agents, and advisors, as well as the subsidiaries, related parties, Custodian, every Property Manager, Shari'a Supervisory Committee and Fund Board.
<b>"Unit Price"</b>	Means the market price of each Unit as announced by Saudi Tadawul.
<b>"Weighted Average of the Unit Price"</b>	<p>Means the weighted average of the price based on the trading volume. The weighted average for each trading day is calculated by dividing the day's trading value by the total trading value of the Units for the last 20 trading days preceding CMA's approval. Subsequently, the weighted average of the Unit Price is calculated by multiplying the weighted average for each trading day by the relevant closing price, and then calculating the total.</p> <p>For further detail, See Appendix (8).</p>



<b>“Target Offering Price Per Unit”, or “Target Subscription Price”</b>	<p>Means the Fund’s subscription price during the Second Subsequent Offering Period.</p> <p>The Unit Price will be based on the Weighted Average Unit Price (based on the trading volume and the closing price for the last 20 trading days preceding CMA’s approval), and not exceeding the Fund’s NAV per Unit of SAR 8.8201 according to the latest audited pro forma financial statements dated 30 September 2020, i.e., the Target Subscription Price will be calculated based on the lower value.</p>
<b>“Fund’s Ordinary Resolution”</b>	<p>Means the resolution made with the approval of Unitholders representing over 50% of the total Units present at the Unitholders’ meeting, whether such attending in person, or using a state of the art medium.</p>
<b>“White Lands”</b>	<p>Mean every vacant land allocated for the residential or mixed commercial residential use within the Kingdom’s urban boundary limits.</p>
<b>“Promissory Notes”</b>	<p>The promissory note is a note made in a specific form defined by law, whereby a person, called “the maker” (Lessee), pays a sum of money (rent) on a specified date and at a specified place, to the order of a person, called “the payee” (the Fund). It is an instrument to secure payment of its face amount. The promissory note is deemed an enforceable deed, and may be submitted to the enforcement court in accordance with the Enforcement Law promulgated by Royal Decree No. (M/53) dated 13/8/1433.</p>
<b>“Leasehold”</b>	<p>Means the right to use and exploit the property for a specific period, as provided in the relevant provisions of the leasehold agreement. The leasehold does not give full ownership of the asset, and the original owner retains ownership.</p>
<b>“Freehold”</b>	<p>Means the right to use, exploit and dispose of the real estate property. The title deed issued by a notary public in the Kingdom of Saudi Arabia is the official document evidencing the freehold of the real estate property.</p>
<b>“Build, Operate and Transfer (BOT) Arrangement”</b>	<p>An arrangement under which the owner of a plot of land assigns to another party the development of the land and the building of a property on it in accordance with defined specifications, in return for granting that party a leasehold and the right to profit by way of managing and operating the property for a specified time period.</p>
<b>“Fair Value of the Property”</b>	<p>Means the market value of the real estate property. According to the Fund’s Terms and Conditions, it is calculated using the average of two property valuations by two valuers accredited by the Saudi Authority for Accredited Valuers (TAQEEM).</p>









<b>“Due Diligence”</b>	Means the process to be implemented by the Fund Manager either directly or through specialized parties to verify facts related to the investments and avoid risks and unforeseen errors which must be avoided to ensure the integrity and good standing of investment, for example in terms of value, technical, legal, economic and operational conditions.
<b>“Preemptive Right”</b>	Means the right of first refusal given to a certain person allowing that person to make a decision to buy or not to buy before other buyers.
<b>“SAIBOR”</b>	The Saudi Arabian Interbank Offered Rate.
<b>“Hedging Agreement”</b>	Means an agreement entered into by the Fund and the financing bank or any other bank for the purpose of fixing the SAIBOR rate and protect the Fund against interest rate fluctuations during the financing term.



### 3. Fund Directory

<b>Regulator</b>	<b>Capital Market Authority (CMA)</b> P.O. Box 87171 – Riyadh 11642 Kingdom of Saudi Arabia <a href="http://www.cma.org.sa">www.cma.org.sa</a>	هيئة السوق المالية Capital Market Authority 
<b>Trading Platform</b>	<b>Saudi Tadawul (Saudi Tadawul)</b> King Fahad Road – Olaya 6897 – Unit No. 15 – Riyadh 12211-3388 Kingdom of Saudi Arabia <a href="http://www.Saudi Tadawul.com">www.Saudi Tadawul.com</a>	تداول Tadawul 
<b>Fund Manager</b>	<b>Alkhabeer Capital</b> Al-Madina Road, P.O. Box 128289 – Jeddah 21362 Kingdom of Saudi Arabia <a href="http://www.alkhabeer.com">www.alkhabeer.com</a>	
<b>Custodian</b>	<b>Alinma Investment Company</b> P.O. Box 66333 – Riyadh 11576 Kingdom of Saudi Arabia <a href="http://www.alinmainvestment.com">www.alinmainvestment.com</a>	الإئماء للاستثمار alinma investment 
<b>Fund Operator</b>	<b>Alkhabeer Capital</b> Al-Madina Road, P.O. Box 128289 – Jeddah 21362 Kingdom of Saudi Arabia <a href="http://www.alkhabeer.com">www.alkhabeer.com</a>	
<b>Lead Manager and Receiving Entity</b>	<b>Aljazira Capital</b> King Fahad Road – P.O. Box 20438 – Riyadh 11455 Kingdom of Saudi Arabia <a href="http://www.aljziracapital.com">www.aljziracapital.com</a>	الجزيرة كابيتال ALJAZIRA CAPITAL 
<b>Receiving Entities</b>	<b>Al Rajhi Bank</b> King Fahad Road, Riyadh 12263 - 2743 Kingdom of Saudi Arabia <a href="http://www.alrajhibank.com.sa">www.alrajhibank.com.sa</a>	مصرف الراجحي Al Rajhi Bank 
	<b>Saudi National Bank (SNB)</b> King Abdulaziz Road – P.O. Box 3555, Jeddah 21481 Kingdom of Saudi Arabia <a href="http://www.alahli.com">www.alahli.com</a>	
<b>Auditor</b>	<b>Crowe Solutions for Professional Consulting (Member of Crowe Global)</b> P.O. Box 40097 – Jeddah 21499 Kingdom of Saudi Arabia <a href="http://www.crowe.com">www.crowe.com</a>	



<b>Legal Advisor</b>	<p><b>The Law Office of Mohammad Al-Ammar (In Affiliation with King &amp; Spalding LLP)</b> Kingdom Centre, 20<sup>th</sup> Floor – King Fahad Road P.O. Box 14702 – Riyadh 11434 Kingdom of Saudi Arabia <a href="http://www.kslaw.com">www.kslaw.com</a></p> <p>THE LAW OFFICE OF MOHAMMAD AL-AMMAR In affiliation with King &amp; Spalding LLP محمد إبراهيم العمار للاستشارات القانونية بالتعاون مع كينج أند سبالدينج KING &amp; SPALDING</p>
<b>Shari'a Supervisory Committee</b>	<p><b>Shariyah Review Bureau W.L.L.</b> Building No. 872 – Offices 41 &amp; 42 Road 3618, Seef 436 Kingdom of Bahrain <a href="http://www.shariyah.com">www.shariyah.com</a></p> <p> SHARIYAH REVIEW BUREAU</p>
<b>Tax Advisor</b>	<p><b>Talal Abu-Ghazaleh Organization</b> Sabah Center Building No. (6374), 3<sup>rd</sup> Floor King Abdulaziz Road – Al Khalidiya District P.O. Box 20135 – Jeddah 21455 Kingdom of Saudi Arabia</p> <p> مجموعة طلال أبوغزالة Talal Abu-Ghazaleh Organization</p>
<b>Fund Assets Real Estate Valuers</b>	<p><b>White Cubes</b> No. 408, Al Malga Prince Muhammad bin Saad Road P.O. Box 2955, Riyadh 13524 Kingdom of Saudi Arabia <a href="http://whitecubesre.com">http://whitecubesre.com</a></p> <p> WHITE CUBES VALUATION &amp; ADVISORY SERVICES</p>
	<p><b>Abaad Real Estate Valuation Company (Formerly Intimaa Advanced Company)</b> Osh Building, 5<sup>th</sup> Floor, Office 22 Mohammed Ibrahim Masoud Street, Al Salamah District P.O. Box 4688, Jeddah 23524 Kingdom of Saudi Arabia</p> <p> أبي باد للتنقيص والتقييم</p>
	<p><b>Esnad Real Estate Valuation Company</b> Al Nahda District, Mohammed Bin Abi Bakr Street P.O. Box 21454 Jeddah 1575 Kingdom of Saudi Arabia <a href="http://www.esnadrealestate.com">www.esnadrealestate.com</a></p> <p> ESNAD إسناد Real Estate العقارية</p>
	<p><b>Century 21 Real Estate Valuation &amp; Partner (Century 21 Saudi Arabia)</b> Riyadh - Anas Bin Malik Road - Al Malqa District <a href="https://century21.sa/">https://century21.sa/</a></p> <p> CENTURY 21 سنشري 21 السعودية</p>



#### 4. Fund Summary

<b>Fund Name</b>	The name of the Fund is Alkhabeer REIT Fund. It is a closed-ended public real estate investment traded fund compliant with the Shari'a Guidelines of the Shari'a Supervisory Committee, established under the laws and regulations of Saudi Arabia and is subject to the Regulations and Instructions issued by the CMA.
<b>Fund Manager</b>	Alkhabeer Capital, a Saudi closed joint stock company registered in the Saudi Arabian Commercial Registration under No. 4030177445, and a Capital Market Institution licensed by the CMA under License No. 07074-37.
<b>Investment Objectives</b>	The Fund's main investment objective is to generate sustainable rental income yield and periodic cash distributions of not less than 90% of the Fund's annual net profits, by investing not less than 75% of the Fund's Total Asset Value, according to its latest audited financial statements, in income-generating real estate assets in the Kingdom of Saudi Arabia (excluding Makkah and Medina).
<b>Investment Strategy</b>	The Fund Manager will seek to achieve the Fund's investment objectives, which mainly focus on generating periodic rental income, by creating a diversified investment portfolio of real estate assets which satisfy due diligence requirements, including real estate valuation, investment feasibility, technical studies, legal reviews and other due diligence. The Fund's real estate investment portfolio includes investments in the residential, office, retail and education segments in Riyadh, Jeddah and Tabuk. The Fund will seek to invest in the future in other real estate property, which may include property investments outside the Kingdom of Saudi Arabia, as well as other investments, subject to restrictions contained in the investment concentration policies, referred to in Clause (9) of the Terms and Conditions, titled "Summary of Fund Strategies".
<b>Initial Real Estate Assets</b>	The Fund acquired the Initial Assets immediately after the Fund's inception date, as shown in the Initial Real Estate Assets Introductory Summary" (See Clause (9) of the Terms and Conditions).
<b>"First Additional Real Estate Properties"</b>	The Fund acquired the First Additional Real Estate Assets immediately after the end of the First Subsequent Offering Period, as shown in the "First Subsequent Real Estate Assets Introductory Summary" (See Clause (9) of the Terms and Conditions).
<b>"Second Additional Real Estate Properties"</b>	The Fund intends to acquire the Second Additional Real Estate Assets immediately after the end of the Second Subsequent Offering Period, as shown in the "First Subsequent Real Estate Assets Introductory Summary" (See Clause (9) of the Terms and Conditions).





Second Subsequent Offering*	Description		Number of Units (Unit)	Unit Price (SAR)
	In-Kind Subscription Units		22,301,335	223,013,350
	Cash Subscription Units		15,736,500	157,365,000
	Total Second Subsequent Units		38,037,835	380,378,350
*The par value was used for the Subsequent Units (SAR 10 per Unit)				
Details of the Fund's Total Asset Value before and after the total increase of the Fund's Total Asset Value	Description	Before the Second Increase of the Fund's Total Asset Value	Increase	After the Second Increase of the Fund's Total Asset Value
	Fund's Total Asset Value (SAR)	1,727,230,401*	335,497,508	2,062,727,909
	Total Drawdown Financing Amount	737,500,000	0	737,500,000
	Fund Capital (Par Value) (SAR)	1,029,710,130	380,378,350**	1,410,088,480
	Total Par Value of Units Offered for Cash Subscription (SAR)	275,501,630	157,365,000	432,866,630
	Total Par Value of Units Offered for In-Kind Subscription (SAR)	754,208,500	223,013,350	977,221,850



	Total Subscription Amount at the Target Subscription Price (SAR)	989,725,882	335,497,508**	1,325,223,390
	Total Number of Fund Units (Unit)	102,971,013	38,037,835***	141,008,848
	Number of Units Offer for Cash Subscription (Unit)	27,550,163	15,736,500	43,286,663
	Number of Units Offer for In-Kind Subscription (Unit)	75,420,850	22,301,335	97,722,185
	Unit Par Value	10.00	10.00	10.00
	Target Subscription Price per Unit during the Offering Period (SAR)	8.9054	8.8201	-
	<p>* According to the last audited pro forma financial statements dated 30 September 2020.</p> <p>** The difference between the target Subscription Price and the Par Value will be recorded as an issue discount or premium in the Unitholders' Net Asset Section of the balance sheet (and based on the target Subscription Price of SAR 8.8201, there will be a discount on the issue of SAR 44,880,842).</p> <p>*** For the purposes of calculating the number of subsequent Units offered for subscription in cash or in kind, and in the event where there are fractional Units, the number is rounded to a whole number of Units.</p>			
<b>Minimum and Maximum Cash Subscription Limit During the Second Subsequent Offering Period</b>	Minimum list of cash subscription in the Fund is SAR 500. There is no maximum subscription limit.			
<b>Fund Currency</b>	Saudi Arabian Riyal (SAR).			



<b>Fund Term</b>	The Term of the Fund is 99 years, starting from the date on which the Initial Units are listed on Saudi Tadawul, renewable for a similar term at the discretion of the Fund Manager, following obtaining CMA's approval.
<b>Dividend Distribution Policy</b>	The Fund Manager aims to distribute quarterly cash dividends to investors of not less than 90% of the Fund's annual net profits, to be distributed within 30 business days after the beginning of each Gregorian quarter (1 <sup>st</sup> January, 1 <sup>st</sup> April, 1 <sup>st</sup> July and 1 <sup>st</sup> October), excluding the capital gains resulting from the sale of the real estate assets and other investments, which may be reinvested in the acquisition of additional real estate assets, in the maintenance and renovation of any Fund assets, and/or setting them aside as reserve to the benefit of the Fund, provided available cash liquidity does not exceed 25% of the Fund's total assets.
<b>Financing</b>	<p><b>First Drawdown Amount:</b> The Fund received 5-year credit facilities compliant with the Shari'a Guidelines of the Fund's Shari'a Supervisory Committee, from Al Rajhi Bank (starting 12 February 2019) for a sum total of SAR 340,000,000 to fund the acquisition of the Initial Real Estate Assets.</p> <p><b>Second Drawdown Amount:</b> The Fund received an increase of the credit facilities granted by Al Rajhi Bank for a period of five years (starting 13 September 2020) for a sum total of SAR 397,500,000 to fund the acquisition of the First Additional Real Estate Assets.</p> <p>The Fund Manager will mortgage the Fund's real estate properties in accordance with the provisions of the credit facilities agreements and applicable laws.</p> <p>Thus, the total drawdown amount out of the financing facilities is SAR 737,500,000, with a total percentage of financing received of 35.75% of the Fund's total asset value following the increase of the Fund's total asset value according to the latest audited pro forma financial statements (dated 30 September 2020).</p> <p>The Fund Manager may obtain other financing or enter into hedging agreements to fix SAIBOR, on the event the Fund decides to fix SAIBOR for facilities in compliance with Shari'a Guidelines of the Fund's Shari'a Supervisory Committee subsequent to the Fund's listing on Saudi Tadawul, such that the percentage of total financing received does not exceed 50% of the Fund's total asset value as at the time of obtaining the financing, according to the latest audited financial statements. The amount received actually depends on (a) special considerations related to the arrangement of the financing</p>



	obtained; and (b) the prevailing market conditions. The terms of any financing shall be with without recourse against the Fund's Unitholders.
<b>Shari'a Compliance</b>	The Fund will make its investments and conduct its affairs in a manner that is compliant with the Shari'a Guidelines of the Fund's Shari'a Supervisory Committee.
<b>Valuation and its Frequency</b>	A valuation of the Fund's assets shall be performed twice a year as at the last day of June and December of each year, by (at least) two independent valuers approved by the Fund Board and licensed by the Saudi Authority for Accredited Valuers (TAQEEM).
<b>Management Fees</b>	9% of the net annual rental value collected from the properties owned by the Fund. Management Fees are payable quarterly to the Fund Manager. Management Fees shall not exceed 0.75% of the Fund's NAV according to the last valuation of the Fund (i.e., the Management Fees will be calculated based on the lowest amount, either at 9% per annum of the annual net rental value, or 75% of the Fund's NAV, whichever is lower).
<b>Subscription Fees</b>	<p>Subscription Fees are exempt during the Fund's Initial Offering Period, and payable in cash by Subscribers for the Fund's First Subsequent Offering.</p> <p>Subscription Fees were applied to all Subscribers in cash in the Fund's Units during the Second Subsequent Offering Period. No cash subscriber will be exempted from the Subscription Fees during the Second Subsequent Offering Period. The Subscription Fees shall be 2% of total cash subscription amounts. These Subscription Fees shall be deducted when the cash subscription amount is received and paid to the Fund Manager, in addition to the Subscription Amount.</p> <p>The Fund Manager may receive Subscription Fees at a rate of 2% of the cash subscription amounts paid and allocated in the event of any future offerings to increase the Fund's Capital.</p>
<b>Capital Structuring Fees</b>	1.5% of the total Subscription Amounts (in cash and in kind) raised during the Initial Offering period or when collecting any other future subscription amounts, whether in cash or in kind. Such Fees shall be payable to the Fund Manager for the Fund Manager's effort in capital structuring and raising. Capital Structuring Fees shall be borne by the Fund, and paid once immediately upon the closing of the offering of any capital raising exercise. Whereas the total Subscription Amounts following the Initial Offering is SAR 664,423,860, the Fund paid to the Fund Manager Capital Restructuring Fees in the amount



	<p>of SAR 9,966,360.</p> <p>Whereas the Fund's total asset value was increased by issuing the First Subsequent Units, whereas the total subscription amounts after the First Subsequent Offering is SAR 325,302,022, the Fund paid the Fund Manager Capital Restructuring Fees in the amount of SAR 4,879,522.</p> <p>The Capital Restructuring Fees do not apply to the increase of the Fund's total asset value by way of issuing the Second Subsequent Units during the Fund's Second Subsequent Offering Period.</p>
<b>Debt Structuring Fees</b>	<p>The Fund Manager is entitled to receive Debt Structuring Fees equal to 1.5% of the financing amount drawn down out of the total banking facilities, compliant with the Shari'a Guidelines of the Fund's Shari'a Supervisory Committee, obtained by the Fund or any of its affiliates, in return for the effort expended in the structuring and securing the required financing. Debt Structuring Fees shall be borne by the Fund and paid after receiving the official approval financier bank of the financing amount.</p> <p>The Fund received financing in the sum of SAR 340,000,000 (First Drawdown) from Al Rajhi Bank to fund the acquisition of the Initial Real Estate Assets. The Fund paid the Fund Manager Debt Restructuring Fees in the amount of SAR 5,100,000.</p> <p>Whereas the Fund received financing in the sum of SAR 397,500,000 (Second Drawdown) from Al Rajhi Bank to fund the acquisition of the First Additional Real Estate Assets. The Fund paid the Fund Manager Debt Restructuring Fees in the amount of SAR 5,962,500.</p> <p>The Fund did not use any additional financing to fund the acquisition of the Second Additional Real Estate Assets, and as such, Debt Restructuring Fees did not apply to the Second Subsequent Offering.</p>
<b>Brokerage Fees</b>	<p>The Fund shall paid 2.5% (maximum) of the value of any real estate investment acquired to the broker and/or the Fund Manager for sourcing opportunities, investigating and negotiating. Such fees are payable on properties to be acquired during the Fund's Offering Period, and any properties to be acquired by the Fund in the future. They are paid immediately after the transfer to title of the property.</p> <p>The Fund paid brokerage fees on the Initial Real Estate Assets (excluding Almalga Residential Compound – no brokerage fees) totalling SAR 16,157,500.</p>



	<p>The Fund paid brokerage fees on the First Additional Real Estate Assets totalling SAR 17,225,000. In respect of the First Additional Real Estate Assets, brokerage fees were paid to the Fund Manager totalling SAR 8,612,500. The remaining brokerage fees were paid to other parties (brokers).</p> <p>The Fund paid brokerage fees on the Second Additional Real Estate Assets totalling SAR 7,835,000. In respect of the Second Additional Real Estate Assets, brokerage fees were paid to the Fund Manager totalling SAR 3,917,500. The remaining brokerage fees were paid to other parties (brokers).</p> <p>The Fund Manager declares that there is no relation between the Fund Manager and the third party brokers in respect of the acquisition of the First and Second Additional Assets, taking into consideration that there is no conflict of interest between the interests of the Fund Manager and the third party brokers, whether directly or indirectly.</p>										
<b>Custody Fees</b>	SAR 50,000, non-recurring; and 0.025% per annum of the Fund's total asset value according to the last audited financial statement, subject to a minimum of SAR 200,000.										
<b>Fund Operator Fees</b>	0.025% per annum of the Fund's Net Asset Value.										
<b>Auditor Fees</b>	The Fund shall pay the Auditor annual Fees of SAR 80,000.										
<b>Tax Advisor Fees</b>	The Fund shall pay the Tax Advisor annual Fees of SAR 62,000.										
<b>Property Management Fees</b>	<p>The Fund bears all fees related to the operation, management and maintenance of all the real estate properties owned by the Fund, in accordance with the contracts signed with the specialized service providers or with the property lessees. The Fund Manager will negotiate during the operation of the Fund, all the property management fees on an arm's length basis, using market prices prevailing at the time, such that the said fees are paid out of the Fund's assets. These fees are detailed as follows:</p> <table border="1"> <thead> <tr> <th colspan="2">Property Name</th><th>Property Manager Name</th><th>Property Management Fees</th></tr> </thead> <tbody> <tr> <td>Almalga Residential Compound</td><td>Almalga Residential Compound (The eight leased buildings)</td><td>Areeb Contracting Est.</td><td>A sum of SAR 1,350,000 per annum, paid quarterly to Areeb Contracting Establishment as</td></tr> </tbody> </table>			Property Name		Property Manager Name	Property Management Fees	Almalga Residential Compound	Almalga Residential Compound (The eight leased buildings)	Areeb Contracting Est.	A sum of SAR 1,350,000 per annum, paid quarterly to Areeb Contracting Establishment as
Property Name		Property Manager Name	Property Management Fees								
Almalga Residential Compound	Almalga Residential Compound (The eight leased buildings)	Areeb Contracting Est.	A sum of SAR 1,350,000 per annum, paid quarterly to Areeb Contracting Establishment as								





				fees and expenses for the management of Almalga Residential Compound
		Almalga Residential Compound (The ten vacant buildings)	Painite Operation and Maintenance Company	Painite Company was appointed by a cost-plus contract, providing for payment at cost plus 15% (up to a maximum of SAR 2,200,000), in addition to commission and marketing fees of up to 7% of collected rents of new lease agreements, and 3.5% of the collected rents of renewed lease agreements. These fees are paid after submitting each invoice based on submitted invoices.
	Gallery Mall		Lessee (Suliman Al Qadeebi Sons' Contracting Company) in charge of management of the property	N/A
	Palazzo Plaza		Numu Company Limited	SAR 400,000 per annum payable semi-annually to Numu Company Limited as expenses and fees for the management of Palazzo Plaza.
	Home Works Center The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.		Lessee (Al-Futaim International Trading Company) in charge of management of the property	N/A



	Ahlan Court	Lessee (Nadd Arabia Marketing Company) in charge of management of the property	N/A
	BIN II Plaza	Lessee (Nadd Arabia Marketing Company) in charge of management of the property	N/A
	Elite Commercial Center	Lessee (Nadd Arabia Marketing Company) in charge of management of the property	N/A
	Elegance Tower	Lessee (Al Saedan Company) in charge of management of the property	N/A
	Al-Farabi Colleges	Lessee (Vision Colleges Education Company, (formerly Al Farabi Colleges Education Company)) in charge of management of the property	N/A
	Al-Farabi Colleges Training Building	Lessee (Vision Colleges Education Company, (formerly Al Farabi Colleges Education Company)) in charge of management of the property	N/A
	Vision Colleges Education - Jeddah	Lessee (Vision Colleges Education Company) in charge of	N/A



		management of the property	
	Akun Warehousing	Lessee (Akun Logistics Company) in charge of management of the property	N/A
<b>Insurance Costs</b>	<p>The Fund bears all costs related to the insurance of the real estate properties owned by the Fund. A budget is allocated for real estate assets insurance coverage costs amounting to SAR 851,200 per annum, to pay any costs related to the insurance of the properties. The Fund bears actual expenditures only, which will be disclosed from time to time in the latest reviewed pro forma financial statements or the audited annual financial statements, whichever is more recent.</p>		
<b>Shari'a Supervisory Committee Fees</b>	SAR 15,000 per annum.		
<b>Transaction Costs</b>	<p>The Fund will be responsible for all the transaction costs, such as the cost relevant to acquiring any asset, liquidation, related studies, advisory, legal, technical and valuation and other due diligence requirements. The Fund also bears the costs of dividend distribution to investors in compliance with market standards.</p> <p>A budget of SAR 1,000,008 is allocated to pay costs of transactions related to the due diligence of the Second Additional Real Estate Properties. In the event this budget is not disbursed, or if only a part thereof is used, the surplus budget allocation will be treated as a Fund asset (that is, it would be allocated as cash available for investment in accordance with the investment concentration policies referred to in Clause (9), titled "Summary of Fund Strategies"). The Fund will bear all actual expenses only, which will be disclosed in the latest reviewed pro forma financial statements or the audited annual financial statements, whichever is more recent.</p>		
<b>Financing Costs</b>	<p>The Fund shall bear all the costs of the financing, compliant with the Shari'a Guidelines of the Fund's Shari'a Supervisory Committee, in-line with market norms and prices. These costs include arranging fees received by the financier bank, plus a profit margin, as well as the expenses related to any hedging agreement, compliant with the Shari'a Guidelines of the Fund's Shari'a Supervisory Committee, if the Fund Manager decides to fix the SAIBOR rate of the facilities.</p>		
<b>Independent Directors' Fees</b>	<p>The Fund shall pay SAR 5,000 per annum to each independent director, plus an attendance fee of SAR 4,000 for each meeting. Two</p>		



	<p>independent directors were appointed. It is expected that a minimum of two meetings and a maximum of four meetings will be held each year. The Chairman may convene an urgent Fund Board meeting whenever he deems necessary. Total remuneration paid to all of the independent directors shall not exceed SAR 42,000 per annum.</p> <p>The Remaining members of the Fund Board will not receive any fees. However, the Fund will pay all actual travel and accommodation costs reasonably incurred by each of the directors to attend the meetings.</p>
<b>Regulatory Fees</b>	The Fund shall pay Regulatory Fees of SAR 7,500 per annum to the CMA.
<b>Saudi Tadawul Registration Fees</b>	<p>The Fund is expected to pay the following Registration Fees:</p> <ul style="list-style-type: none"> <li>– SAR 50,000 plus SAR 2 per Unitholder, up to a maximum of SAR 500,000, payable to the Securities Depository Center Company (Edaa) in return for setting up the Unitholders' Register;</li> <li>and</li> <li>– SAR 400,000, payable to the Securities Depository Center Company (Edaa) in return for managing the Unitholders' Register. The value of these Fees varies from time to time depending on the value of the Fund's capital.</li> </ul>
<b>Saudi Tadawul Listing Fees</b>	<p>The Fund is expected to pay the following Listing Fees:</p> <ul style="list-style-type: none"> <li>– SAR 50,000 as Initial Listing Fees; and</li> <li>– 0.03% per annum of the market value of the Fund (a minimum of SAR 50,000 and a maximum of SAR 300,000).</li> </ul>
<b>Fund Assets Expenses</b>	When performing future development works, the Fund bears all costs of design, engineering, procurement, supervision, property development and development management, to be calculated and paid out of the Fund's assets to the third party providers concerned.
<b>Value Added Tax (VAT)</b>	The Fund's fees and expenses as provided in these Terms and Conditions are subject to VAT.
<b>Other Expenses</b>	The Fund shall bear all the other expenses related to the continued professional and operational services provided by third parties, including - without limitation - the legal and advisory expenses, asset valuation expenses, regulatory fees, litigation fees and expenses,



	<p>and other professional costs, formation and operation expenses of special purpose vehicles established for custody of the Fund's assets, in addition to the income purification expenses (if any). The Fund shall be liable for any tax to be imposed in the future by regulatory authorities, and become due and payable. Such expenses shall not exceed 0.5% of the Fund's Net Asset Value annually, with the exception of the fees, charges and taxes that are subject to the government laws and regulations.</p> <p>A budget of SAR 150,000 was allocated to pay the fees of the Fund's Legal Advisor (The Law Office of Mohammad Al-Ammar (In Affiliation with King &amp; Spalding LLP) in relation to the increase of the Fund's total asset value. If this budget is not disbursed in whole or in part, the surplus budget allocation will be treated as a Fund asset (that is, it would be allocated as cash available for investment in accordance with the investment concentration policies referred to in Clause (9), titled "Summary of Fund Strategies"). The Fund will bear all actual expenses only, which will be disclosed in the latest reviewed pro forma financial statements or the audited annual financial statements, whichever is more recent.</p>
<b>Voting Rights</b>	<p>Unitholders are entitled to vote at the Unitholders' meetings using electronic media. In addition, Unitholders' approval must be obtained by an ordinary resolution of the Fund in relation to making any "Fundamental Change" to the Fund, which includes as follows:</p> <ul style="list-style-type: none"> <li>– Any fundamental change to the Objectives of the Fund;</li> <li>– Any change that may have an adverse and material effect on Unitholders or their rights in the Fund;</li> <li>– Any change that may have an impact on the Fund's risk profile;</li> <li>– Any increase in the Capital of the Fund.</li> </ul>
<b>Restrictions on Unit Trading</b>	<p>Units shall be traded in the same way as the units of the real estate investment traded funds listed on Saudi Tadawul are traded. Unitholders may sell and purchase the Units during the daily trading hours in the market via licensed financial brokers. Trading in Fund Units shall be unrestricted, taking into consideration the nature of the Fund, and in compliance with the Fund's Terms and Conditions.</p>
<b>Reports</b>	<p>The Fund Manager shall provide Unitholders with quarterly and annual reports containing all key information related to the Fund's performance, investments, and significant information as required in accordance with Real Estate Investment Funds Regulations, as provided in Clause (26) of the Fund's Terms and Conditions, titled "Reporting to Unitholders".</p>
<b>Unitholder Liability</b>	<p>Each Unitholder's liability shall be limited to the net value of its investment in the Fund. There shall be no recourse against any other assets of the Unitholders.</p>



<b>Risk Level and Risk Factors</b>	Investment in the Fund involves a high level of risk. Clause (10) of these Terms and Conditions contains examples of these risks, which must be considered carefully by the prospective investor prior to making an investment decision in relation to the Fund.	
<b>Governing Law</b>	The Real Estate Investment Fund shall be governed by the laws of Saudi Arabia and the applicable regulations issued by the CMA. The investments of the Fund shall comply with the Law of Real Estate Ownership and Investment by Non-Saudis.	
<b>ZATCA Registration Expenses</b>	<p>Expenses for ZATCA Registration and information declaration filings are expected to amount to a sum of SAR 15,000.</p> <p>The Fund Manager shall comply with the “Rules of Zakat Collection from Investors in Investment Funds”, as amended from time to time. The Fund Manager also undertakes to register the Fund with the Zakat, Tax and Customs Authority (ZATCA) for the purposes of zakat and filing requisite returns in accordance with CMA Rules and Regulations, as amended. The responsibility for the calculation and payment of zakat falls upon the Fund Unitholders. The Fund may not in any way be held liable in this respect. In addition, the Fund Manager undertakes to provide ZATCA with all requisite information declarations within a period not exceeding 120 days as of the end of the Fund’s zakat year. The Fund Manager will also provide Unitholders upon request with required information to calculate their respective tax bases in accordance with the Rules. Zakat paying investors subject to these Rules holding Fund Units are required to calculate and pay zakat on those investments.</p> <p>ZATCA rules are available at the following URL:  <a href="https://zatca.gov.sa/en/Pages/default.aspx">https://zatca.gov.sa/en/Pages/default.aspx</a> </p>	
<b>Projected Time Schedule of the Second Subsequent Offering</b>	<b>Steps</b>	<b>Expected Time Period</b>
	Obtaining CMA’s approval on the increase of the Fund’s total asset value	25/05/1442, corresponding to 04/01/2021
	Obtaining the Unitholders’ approval by way of a Fund ordinary resolution	Within 90 Business Days after obtaining CMA’s approval
	Second Subsequent Offering Period	15 Business Days
	Extension of the Second Subsequent Offering Period (if the extension is made after obtaining CMA’s approval)	10 Business Days



	The receiving entity(ies) appointed by the Fund Manager notify each investor, through the Fund Manager of the acceptance or rejection of the investor's subscription application	10 Business Days after the Closing Date of the Offering Period
	Announcement of the results of the Offering	10 Business Days after the Closing Date of the Offering Period
	Allocation of Units to Subscribers	15 Business Days after the Closing Date of the Offering Period
	Return of the oversubscription surplus (if any)	15 Business Days after the Closing Date of the Offering Period
	Acquisition and transfer of title of the assets and listing of the Fund Units	60 Business Days after the Closing Date of the Offering Period
	Cancellation and return of funds	In the event of cancellation of the Offering, all subscription amounts will be returned – without deduction – within 5 business days after the closing of the Offering Period.





Sources of Fund's Total Subscription Amount (Offered Units at the Target Subscription Price)	Description	Initial Offering (SAR)	First Subsequent Offering (SAR)	Second Subsequent Offering (SAR)
	Total Fund In-Kind Subscriptions	718,379,000	196,700,005	915,079,005
	Total Fund Cash Subscriptions	271,346,882	138,797,504	410,144,386
	<b>Total Fund Subscriptions</b>	<b>989,725,882</b>	<b>335,497,508*</b>	<b>1,325,223,390*</b>
* There is a difference of SAR 1 resulting from rounding to the nearest Saudi Riyal.				
Uses of the Fund's total subscription amount (value of offered Units at the Subscription Price)	Description	Initial Offering (SAR)	First Subsequent Offering (SAR)	Second Subsequent Offering (SAR)
	<b>In-Kind and In-Cash and In-Kind</b>			
	In-Kind Subscriptions Amount to pay for the in-kind acquisition of the Fund's Real Estate Assets	426,879,000	291,500,000	196,700,005
	Cash Subscriptions Amount to pay for the in-cash acquisition of the Fund's Real Estate Assets	193,421,000	0	129,702,495
	Cash Subscriptions Amount to pay Capital Expenditures at the time of Offering	44,123,860	33,802,022	9,095,008



Uses of Fund's Total Subscriptions	664,423,860	325,302,022	335,497,508
<b>Breakdown of Capital Expenditures (Non-Recurring Fees, Costs and Initial Fees)</b>			
Brokerage Fees	16,157,500	17,225,000**	7,835,000**
Capital structuring Fees	9,966,360	4,879,522	N/A
Costs of Early Retirement of Debt and release of mortgage on the Initial Real Estate Asset (Almalga Residential Compound" (Budget)*	7,590,000	N/A	N/A
Debt Structuring Fees	5,100,000	5,962,500	N/A
Financing Costs (Debt Arranging Fees)	3,400,000	3,975,000	N/A
Costs of Due Diligence Transactions for the Real Estate Assets (Budget)*	1,500,000	1,500,000	1,000,008
Other Expenses – Legal Advisor Fees (Budget)*	300,000	150,000	150,000



	Initial Registration and Listing Fees	110,000	110,000	110,000
	<b>Total Capital Expenditures for Acquisition of Real Estate Assets</b>	<b>44,123,860</b>	<b>33,802,022</b>	<b>9,095,008</b>
	<p>* The amount is a budget allocation for this cost. In the event this budget is not disbursed, or if only a part thereof is used, the surplus budget allocation will be treated as a Fund asset (that is, it would be allocated as cash available for investment in accordance with the investment concentration policies referred to in Clause (9), titled "Summary of Fund Strategies").</p> <p>** In respect of the First Additional Real Estate Assets, brokerage fees were paid to the Fund Manager totaling SAR 8,612,500. The remaining brokerage fees totaling SAR 8,612,500 were paid to other parties (brokers). In respect of the Second Additional Real Estate Assets, brokerage fees totaling SAR 3,917,500 will be paid to the Fund Manager, while the remaining brokerage fees totaling SAR 3,917,500 will be paid to other parties (brokers).</p>			



Uses of the Fund's Total Asset Value					
Description	Before any increase in the Fund's total asset value (SAR)	First increase during the First Subsequent Offering (SAR)	After the increase in the Fund's total asset value by way of the First Subsequent Offering (SAR)	Second increase during the Second Subsequent Offering (SAR)	After the increase in the Fund's total asset value by way of the Second Subsequent Offering (SAR)
Cash acquisition of the real estate assets	533,421,000	397,500,000	930,921,000	116,699,995	1,047,620,995
In-kind acquisition of the real estate assets	426,879,000	291,500,000	718,379,000	196,700,005	915,079,005
<b>Total acquisition value of the real estate assets</b>	<b>960,300,000</b>	<b>689,000,000</b>	<b>1,649,300,000</b>	<b>313,400,000</b>	<b>1,962,700,000</b>
Brokerage Fees	16,157,500	17,225,000	33,382,500	7,835,000	41,217,500
Capital structuring Fees	9,966,360	4,879,522	14,845,882	N/A	14,845,882
Early payment and release of mortgage costs	7,590,000	N/A	7,590,000	N/A	7,590,000
Debt structuring Fees	5,100,000	5,962,500	11,062,500	N/A	11,062,500
Financing Costs (Debt Arranging Fees)	3,400,000	3,975,000	7,375,000	N/A	7,375,000
Costs of due diligence of initial real estate assets	1,500,000	1,500,000	3,000,000	1,000,008	4,000,008
Other Expenses – Legal Advisor Fees (Budget)	300,000	150,000	450,000	150,000	600,000
Initial registration and listing fees	110,000	110,000	220,000	110,000	330,000
Real Estate Transactions Tax	N/A	N/A	N/A	13,002,500	13,002,500
<b>Total Initial Costs and Fees (Non-Recurring)</b>	<b>44,123,860</b>	<b>33,802,022</b>	<b>77,925,882</b>	<b>22,097,508</b>	<b>100,023,390</b>
<b>Total</b>	<b>1,004,423,860</b>	<b>722,802,022</b>	<b>1,727,225,882</b>	<b>335,497,508</b>	<b>2,062,723,390</b>



## Terms and Conditions

This document sets out the Terms and Conditions of the offering of the Units of Alkhabeer REIT Fund, a closed-ended public real estate investment traded fund compliant with the Shari'a Guidelines of the Fund's Shari'a Supervisory Committee. The Fund is managed by Alkhabeer Capital, a Capital Market Institution licensed by the CMA under License Number 07074-37. These Terms and Conditions represent the contractual relationship between the Fund Manager and Unitholders, pursuant to which the Fund is established.

Subject to the approval of the CMA and Saudi Tadawul, the Units of the Fund shall be listed on Saudi Tadawul in Saudi Arabian Riyal (SAR).

### 5. Name and Type of the Fund

The name of the Fund is "Alkhabeer REIT Fund". It is a closed-ended public real estate investment traded fund established in the Kingdom of Saudi Arabia in accordance with the Real Estate Investment Funds Regulations.

### 6. Address of the Head Office of the Fund Manager and the Fund Manager's Website

Address: Alkhabeer Capital  
Al-Madina Road  
P.O. Box 128289  
Jeddah 21362  
Kingdom of Saudi Arabia  
Tel.: +966 920010707  
Fax: +966 12 658 6663  
CR No.: 4030177445  
CMA license: 07074-37  
Website: [www.alkhabeer.com](http://www.alkhabeer.com)

### 7. Fund Term

The Fund term is 99 years, starting from the date on which the Initial Units are listed on Saudi Tadawul (the "Listing Date") and made available for trading (the "Fund Term"). The Fund Term is renewable for a similar term at the discretion of the Fund Manager after obtaining the approval of the CMA.



## 8. Description of the Fund's Purpose and Investment Objectives

- (a) The Fund's main investment objective is to generate sustainable rental income yield and periodic cash distributions of not less than 90% of the Fund's annual net profits, by investing not less than 75% of the Fund's Total Asset Value, according to its latest audited financial statements, in income-generating real estate assets in the Kingdom of Saudi Arabia (excluding Makkah and Medina) which satisfy due diligence requirements, including property valuation, investment feasibility, technical studies, legal reviews and other due diligence.
- (b) The Fund Manager will seek to achieve the Fund's investment objectives, which mainly focus on generating periodic rental income, by creating a diversified investment portfolio of real estate assets which satisfy due diligence requirements, including real estate valuation, investment feasibility, technical studies, legal reviews and other due diligence. The Fund's real estate investment portfolio includes investments in the residential, office, retail and education segments in Riyadh, Jeddah and Tabuk. The Fund will seek to invest in the future in other real estate property, which may include property investments outside the Kingdom of Saudi Arabia, as well as other investments, subject to restrictions contained in the investment concentration policies, referred to in Clause (9) of the Terms and Conditions, titled "Summary of Fund Strategies", paragraph (e) below.
- (c) While the Fund will invest mainly in developed and income generating properties in the Kingdom of Saudi Arabia, the Fund may also invest in properties outside the Kingdom not exceeding 25% of the Fund's total asset value.
- (d) The Fund will invest mainly in developed ready-to-use real estate assets, but may also invest up to 25% of the Fund's total asset value in feasible real estate development projects with the objective of realizing an increase in the Unit value, provided the Fund does not invest in white land.
- (e) In addition, the Fund may reinvest any capital gains resulting from the sale of Fund owned assets or any undistributed rental amounts (not exceeding 10% of the Fund's net annual income) in acquiring additional real estate assets, including investing in promising properties which provide opportunities for enhanced operational efficiency and higher rental yield, as compared to their level at the time of acquisition, by way of altering one or some of the characteristic features, such as the design, lease strategies in respect of the tenant mix and rental rate, uses, etc.
- (f) The Fund aims to distribute quarterly cash dividends to investors of not less than 90% of the Fund's annual net profits, to be distributed within 30 business days after the beginning of each Gregorian quarter (1<sup>st</sup> January, 1<sup>st</sup> April, 1<sup>st</sup> July and 1<sup>st</sup> October), excluding the capital gains resulting from the sale of the real estate assets and other investments, which may be reinvested in the acquisition of additional real estate assets, in the maintenance and renovation of any Fund assets.

- (g) The Fund may invest in other investments, subject to restrictions contained in the investment concentration policies, referred to in Clause (9), paragraph (e) below.

**9. Summary of Strategies to be Adopted by the Fund to Achieve its Objectives:**

- (a) Table showing the types of investments of the Fund and the minimum and maximum percentage invested**

Investment Type	Percentage Allocation	
	Minimum	Maximum
Income Generating Real Estate Funds in the Kingdom of Saudi Arabia	50%	100%
Income Generating Real Estate Assets outside the Kingdom of Saudi Arabia	0%	25%
Real Estate Development Projects	0%	25%

**(b) Description of the Sector(s) in which the Fund will Invest**

The Fund Manager will seek to achieve the Fund's investment objectives, which mainly focus on generating periodic rental income, by creating a diversified investment portfolio of real estate assets which satisfy due diligence requirements, including real estate valuation, investment feasibility, technical studies, legal reviews and other due diligence. The Fund's real estate investment portfolio includes investments in the residential, office, retail and education segments in Riyadh, Jeddah and Tabuk. The Fund will seek to invest in the future in other real estate property, which may include property investments outside the Kingdom of Saudi Arabia, as well as other investments, subject to restrictions contained in the investment concentration policies, referred to in this Clause (9) of the Terms and Conditions, titled "Summary of Fund Strategies", paragraph (e) below.

The Fund Manager intends to continue to source investment opportunities by applying investment standards taking into consideration the performance of the real estate sector, periodic fluctuations of different real estate segments, economic, geographic and political variable and factors, as well as other dynamics.





### (c) Detailed Description of the Initial Real Estate Assets

Following is a breakdown of the Fund's Initial Real Estate Assets:

#	Property	Sector	City	Status	Freehold/ Leasehold	BUA (sq. m.)***	Occupancy (%) ****
1	Almalga Residential Compound	Residential	Riyadh	Developed	Freehold	41,361	83%*
2	Gallery Mall	Retail	Tabuk	Under development	Leasehold	43,625	100%
3	Palazzo Center	Retail	Riyadh	Developed	Freehold	5,819	87%**
4	Home Works Center*****	Retail	Riyadh	Developed	Freehold	9,181	100%
5	Ahlan Court	Retail	Jeddah	Developed	Freehold	2,758	100%
6	BIN II Plaza	Multi-use (Retail/Office)	Jeddah	Developed	Freehold	21,305	100%
7	Elite Commercial Center	Multi-use (Retail/Office)	Jeddah	Developed	Freehold	15,712	100%
<b>Total</b>		<b>4 retail 2 multi-use 1 residential</b>	<b>3 Jeddah 3 Riyadh 1 Tabuk</b>	<b>6 developed 1 Under development</b>	<b>6 freehold 1 leasehold</b>	<b>139,761</b>	<b>100% of all properties, excluding Almalga Residential Compound (83%) and Palazzo Center (87%)</b>

\* The occupancy rate declined because of the previous tenant's non-renewal of the entire lease agreement effective as from 9/1/2019. Thus, the occupancy rate is 83% for 8 out of 18 fully leased buildings (8/18), plus 96 residential units of the other 10 buildings; please see Clause (9) of these Terms and Conditions – Almalga Residential Compound Disclosure.

\*\* The occupancy rate decline because of the termination of lease with a tenant of two units, effective as from 26/8/2020. Thus, the occupancy rate is 87% representing the occupancy of 13 units.

\*\*\* BUA according to the building permit.

\*\*\*\* Occupancy rate as of December 2020.

\*\*\*\*\* The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.

Following is a breakdown of the Fund's First Additional Real Estate Assets:

#	Property	Sector	City	Status	Freehold/ Leasehold	BUA (sq. m.)*	Occupancy (%) **
1	Elegance Tower	Office	Riyadh	Developed	Freehold	58,278.70	100%
2	Al-Farabi Colleges	Education	Riyadh	Developed	Freehold	44,113.52	100%
3	Al-Farabi Colleges Training Building	Education	Riyadh	Under Construction	Freehold	***48,770.76	100%
<b>Total</b>		<b>1 office 1 education</b>	<b>3 Riyadh</b>	<b>2 developed 1 Under construction</b>	<b>3 freehold</b>	<b>151,162.98</b>	<b>100%</b>

\* BUA according to the building permit.

\*\* Occupancy rate as of December 2020.

\*\*\* A basement level authorized by the building permit with a total area of 11,322 square meters was not developed. Thus the total area, after subtracting the basement level which was not constructed, becomes 37,448.76 square meters.

Following is a breakdown of the Fund's Second Additional Real Estate Assets:

#	Property	Sector	City	Status	Freehold/ Leasehold	BUA (sq. m.)*	Occupancy (%) **
1	Vision Education Colleges, Jeddah	Education	Jeddah	Developed	Freehold	13,785.00	100%
2	Akun Warehouses	Logistics	Jeddah	Developed	Freehold	12,888.83	100%
<b>Total</b>		<b>1 education 1 logistics</b>	<b>2 Jeddah</b>	<b>2 developed</b>	<b>2 freehold</b>	<b>26,673.83</b>	<b>100%</b>

\* BUA according to the building permit.

\*\* Occupancy rate as of December 2020.

Thus, the Fund's total Initial and First and Second Additional Real Estate Assets are as follows:

	Number of Properties	Sector	City	Status	Freehold/ Leasehold	BUA (sq. m.)*	Occupancy (%) **
Total	12	4 retail 2 multi-use 1 residential 1 office 3 education 1 logistics	5 Jeddah 6 Riyadh 1 Tabuk	10 developed 2 Under development	11 freehold 1 leasehold	317,597.81	100% of all properties, excluding Almalga Residential Compound (83%) and Palazzo Center (87%)

\* BUA according to the building permit.

\*\* Occupancy rate as of December 2020.

Based on the due diligence exercise, the Fund Manager declares that there are no regulatory violations in respect of the Initial and First and Second Additional Real Estate Assets, which may prevent the use or operation of the properties. The properties are technically sound and free of significant engineering defects which may prevent their use or operation, or may in turn require costly changes or repair.



### Summary of Target Returns of the Real Estate Assets at the Level of the Properties for 2021\*

#	Property	Acquisition Value (SAR)	Total Annual Rental Value (SAR)	Net Annual Rental Value (SAR)	Total Return (%)	Net Return (%)
1	Almalga Residential Compound	314,000,000	14,013,774	10,323,774	4.46%	3.29%
2	Gallery Mall	155,000,000	23,605,732	21,927,254	15.23%	14.15%
3	Palazzo Center	93,300,000	6,809,268	6,384,268	7.30%	6.84%
4	Home Works Center**	78,000,000	4,639,831	4,614,831	5.95%	5.92%
5	Ahlan Court	70,000,000	7,197,183	7,177,183	10.28%	10.25%
6	BIN II Plaza	90,000,000	9,253,521	9,218,521	10.28%	10.24%
7	Elite Commercial Center	160,000,000	16,450,704	16,400,704	10.28%	10.25%
	<b>Total Initial Real Estate Assets</b>	<b>960,300,000</b>	<b>82,970,014</b>	<b>76,046,535</b>	<b>8.54%</b>	<b>7.92%</b>
8	Elegance Tower	424,350,000	30,000,000	29,793,000	7.07%	7.02%
9	Al-Farabi Colleges	215,250,000	16,000,000	15,895,000	7.43%	7.38%
10	Al-Farabi Colleges Training Building	66,625,000	6,500,000	6,467,500	9.76%	9.71%
	<b>Total First Additional Real Estate Assets</b>	<b>706,225,000</b>	<b>52,500,000</b>	<b>52,155,500</b>	<b>7.43%</b>	<b>7.39%</b>
11	Vision Education Colleges	107,500,000	7,500,000	7,450,000	6.98%	6.93%
12	Akun Warehouses	226,737,500	16,000,000	15,893,300	7.06%	7.01%
	<b>Total Second Additional Real Estate Assets</b>	<b>334,237,500</b>	<b>23,500,000</b>	<b>23,343,300</b>	<b>7.03%</b>	<b>6.98%</b>
	<b>Total</b>	<b>2,000,762,500</b>	<b>157,970,014</b>	<b>151,545,335</b>	<b>7.90%</b>	<b>7.57%</b>

**\* Notes:**

- The total and net rental values are rounded up to the nearest whole number.
- For Initial Real Estate Assets (Nos 1 – 7 above), the acquisition cost is calculated excluding brokerage fees.
- The acquisition cost is calculated excluding VAT on real estate assets 1 – 10. See Clause (10) of these Terms and Conditions, titled "Risks of Investing in the Fund".
- The acquisition cost of the Second Additional Real Estate Assets (Nos 11 and 12) is calculated including brokerage fee and real estate transaction tax).
- The annual rent is calculated based on executed lease agreements.
- The rate of total return is the total annual rental value divided by the acquisition value (before Fund fees and expenses).
- The rate of net return is the net annual rental value (after property management fees and financing costs) divided by the acquisition value (before Fund fees and expenses).

\*\* The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.



The following table shows the percentage rent of each lessee to total rental value:

Lessee	Property	Total Annual Rental Value (SAR)*	Percentage of Total
8 of 18 buildings: King Faisal Specialist Hospital and Research Center		9,565,111	6.06%
10 of 18 buildings: Other Lessees	Almalga Residential Compound	4,448,663	2.82%
Suliman Al Qadeebi Sons' Contracting Company	Gallery Mall	23,605,732	14.94%
11 Lessees	Palazzo Center	6,809,268	4.31%
Al-Futaim International Trading Company	Home Works Center**	4,639,831	2.94%
Nadd Arabia Real Estate Marketing Company	Ahlan Court	7,197,183	4.56%
	BIN II Plaza	9,253,521	5.86%
	Elite Commercial Center	16,450,704	10.41%
Al Saedan Real Estate Company	Elegance Towers	30,000,000	18.99%
Vision Colleges Education Company (formerly Al-Farabi Colleges Education Company – name changed)	Al-Farabi Colleges	16,000,000	10.13%
	Al-Farabi Colleges Training Building	6,500,000	4.11%
	Vision Colleges – Jeddah	7,500,000	4.75%
Akun Logistics Company	Akun Warehouses	16,000,000	10.13%
<b>Total</b>		<b>157,970,014</b>	<b>100.00%</b>

\* The annual rent is calculated based on executed lease agreements.

\*\* The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.



(d) Description of the Real Estate Assets

I: Description of the Initial Real Estate Assets (As at 1 July 2018)

First Property: Almalga Residential Compound



Property Overview	
Property Location	Almalga District, Wadi Hajr Street, off King Fahad Road, City of Riyadh
Location Coordinates	<a href="#">24°48'55.08"N 46°36'51.06"E</a>
Use	Residential
Type of Property Ownership	Freehold
Property Description	Gated Residential Compound
Property Components	18 buildings comprised of 290 furnished residential units divided as follows: <ul style="list-style-type: none"> <li>- 242 units offering three bedrooms</li> <li>- 10 units offering two bedrooms</li> <li>- 38 units (studio) in the basement</li> </ul>
Number of Floors	3 floors and a penthouse
Property Facilities	The Property has an underground car parking area of 10,000 m <sup>2</sup> in the basement, indoor swimming pools, common entertainment areas, multi-use halls and two health clubs



<b>Land Area</b>	15,925 m <sup>2</sup>		
<b>Total Built-Up Area</b>	41,361 m <sup>2</sup>		
<b>Gross Leasable Area</b>	39,734 m <sup>2</sup>		
<b>Property Age</b>	3 years		
<b>Date of Completion of Construction</b>	10/04/1435 (as per the Construction Completion Certificate)		
<b>Date of Property Operation</b>	30/03/1437, corresponding to 10/01/2016		
<b>Title Deeds Data</b>	<b>Deed No.</b>	<b>Date of Issue</b>	<b>Area</b>
	310115043769	09/04/1437	5,481.45 m <sup>2</sup>
	310115043770	09/04/1437	3,481.1 m <sup>2</sup>
	310115043771	09/04/1437	3,480.23 m <sup>2</sup>
	710115043772	09/04/1437	3,481.9 m <sup>2</sup>
<b>Deed Issuer:</b> First Notary Public of Riyadh			

<b>Property Acquisition Agreement</b>	
<b>Current Property Owner</b>	The Property is pledged with Riyadh Bank by way of transfer of title in favour of Ithraa Al-Riyad Real Estate Company (a subsidiary of Riyadh Bank), against banking facilities provided for "Alkhabeer Saudi Real Estate Income Fund I" (the initial owner of the Property)
<b>"Property Purchase Cost"</b> <b>"Acquisition Value (Excluding the Value Added Tax)"</b>	SAR 314,000,000
<b>Transaction Details</b>	<p>The Property acquisition process is determined as follows:</p> <ul style="list-style-type: none"> <li>- Property cash purchase price: SAR 127,121,000</li> <li>- Property in-kind purchase price in the form of Units in "Alkhabeer REIT Fund": SAR 186,879,000</li> </ul> <p><b><u>Other Requirements:</u></b></p> <ul style="list-style-type: none"> <li>- Whereas in 2015 "Alkhabeer Saudi Real Estate Income Fund I" obtained a Shari'a compliant financing from Riyadh Bank to complete the acquisition of the Property, the Fund Manager of "Alkhabeer Saudi Real Estate Income Fund I" will use part of the cash amounts paid by "Alkhabeer REIT Fund" to repay all the aforementioned financing amounts totalling SAR 119,800,000</li> <li>- A sum of SAR 7,281,000, representing the value of the cash exit, will be paid to "Alkhabeer Saudi Real Estate Income Fund I" Unitholders who did not make in-kind contributions to "Alkhabeer REIT Fund". Moreover, a sum</li> </ul>



	<p>of SAR 40,000 will be used to settle the cash portion of the Property's purchase price</p> <ul style="list-style-type: none"> <li>- "Alkhabeer REIT Fund" will pay the costs of the financing premature repayment in a sum of SAR 7,590,000 (as a maximum), and subsequently transfer title of the Property in favour of Alkhabeer REIT's Custodian</li> </ul>
<b>Assignment of Agreements</b>	All the Property's contracts shall be transferred to the Custodian of "Alkhabeer REIT Fund", including all the lease, maintenance and operation and other related contracts, provided this is done immediately following completion of transfer of the Property's title to the Fund
<b>Investment Units Trading Lock-up Period in Return for the In-kind Share</b>	One year as from the date of commencement of Fund trading

Details of the Property Lease			
<b>Number of Property Lessees</b>	One Lessee, namely King Faisal Specialist Hospital & Research Centre		
<b>Current Occupancy Rate</b>	The current occupancy rate is 100%. It is expected that this rate will decrease to 44% as from 09/01/2019, as the current Lessee requested partial contract renewal for 8 buildings out of 18 building at the Property		
<b>Total Annual Rental Value*</b>	SAR 20,186,111 (including only the rent of the Lessee of King Faisal Specialist Hospital & Research Centre, without taking into account any amounts which may be obtained as a result of re-leasing the Property's unleased areas)		
<b>Net Annual Rental Value (Less the Operating Expenses)</b>	SAR 18,160,556		
<b>Total Return*</b>	6.43%		
<b>Net Return*</b>	5.78%		
<b>Annual Rent for the Last Three Years</b>	<b>Year</b>	<b>Gross Income*</b>	<b>Occupancy Rate</b>
	<b>2015</b>	N/A (the Property is under development)	N/A
	<b>2016</b>	SAR 27.95 million	100%
	<b>2017</b>	SAR 27.95 million	100%
	<b>2018</b>	SAR 26.55 million**	100%
	<p>* Gross income as per the audited financial statements of "Alkhabeer Saudi Real Estate Income Fund I"</p> <p>** Collected value representing 95% of the rental value for 2018. The balance of the rental value (amounting to SAR 1,397,500 and representing 5% of the rental value) will be obtained during the lease period ending on 10/01/2019.</p>		





<b>Lease/Leases Start and End Dates</b>	<ul style="list-style-type: none"> <li>- Almalga Residential Compound is fully leased to King Faisal Specialist Hospital &amp; Research Centre for a period of three years starting as from 10/01/2016 and ending on 09/01/2019, for an annual rental value amounting to SAR 27.95 million</li> <li>- A letter was received from King Faisal Specialist Hospital &amp; Research Centre, stating that the lease contract was renewed for eight buildings out of the eighteen buildings currently leased, for a value of SAR 12,422,222. The new lease period for the eight buildings extends for three years starting as from 10/01/2019 and ending on 10/01/2022. As a result, and assuming that no rental income is obtained from the other ten buildings (after excluding the additional provision for the management, marketing and maintenance works and the expenses related to the management of the property of the unleased buildings), the net rental value becomes SAR 11,091,111</li> <li>- Ten residential buildings at the Compound will be vacated starting 10/01/2019, and then will be marketed and leased to another lessee or a number of alternative lessees</li> </ul>
<b>Payment Method</b>	The rental value of the lease contract with King Faisal Specialist Hospital & Research Centre will be paid in advance at the beginning of every contractual year by way of a bank transfer to the account of the company holding the assets of the Fund
<b>Conditions for Cancellation of the Lease Contract</b>	The Lessee may vacate the Property before expiration of the contract, if it becomes not fit for use as a result of a defect in construction, or if the place becomes dangerous and, in this case, the Lessee will not pay any claim for the remaining period following the vacation
<b>Guarantees</b>	There are no guarantees related to the settlement of the rental payments by the Property's Lessee

\* Return at the Property level (before calculating the Fund's fees and expenses)

Details of the Property Management Contract	
<b>Property Manager</b>	Areeb Construction Company
<b>Property Management Fees</b>	<ul style="list-style-type: none"> <li>- SAR 2,500,000 per annum, payable monthly in a value of SAR 208,333 per month</li> <li>- Insurance costs: A budget of SAR 220,000 annually was allocated to pay any costs related to providing an insurance coverage in respect of the Property. In the event this budget is not disbursed, or if a part thereof is disbursed, the budget surplus will be treated as a Fund</li> </ul>



	<p>asset</p> <ul style="list-style-type: none"> <li>- An annual additional provision was made at an average (for a period of five years) of SAR 951,600 for the Property-related management, marketing and maintenance works, to be disbursed to any service provider or for any additional expenses or costs pertaining to the operation, maintenance and marketing of the Property</li> </ul>
<b>Contract Term</b>	The Contract comes into effect as of 01/06/2017, and continues for a period of one year, to be automatically renewed, unless either Contract party sends a written notice to the other party expressing the intent to terminate the Contract
<b>Tasks</b>	The provision of all things related to the Property maintenance, cleaning and guarding services

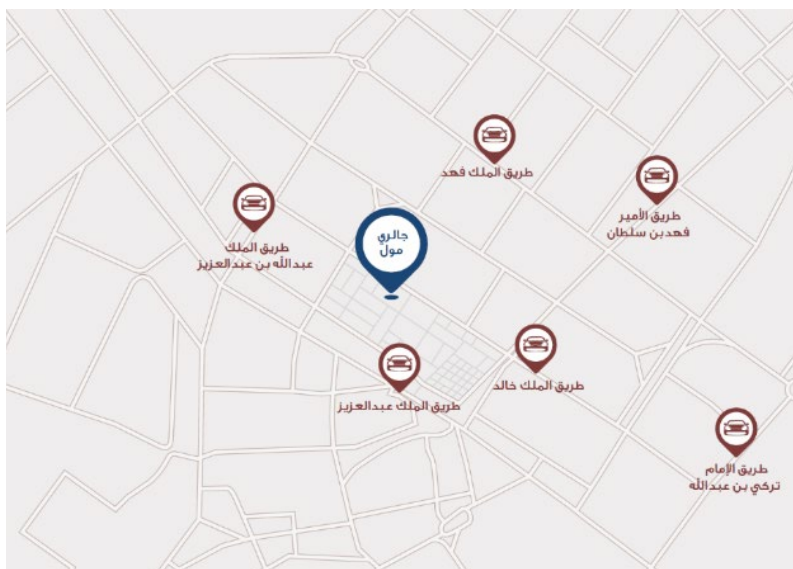
Declarations and Disclosures	
<b>Fund Manager's Declaration</b>	<ul style="list-style-type: none"> <li>- The Fund Manager declares that there is a conflict of interests between the Fund's stakeholders, since:</li> <li>- Almalga Residential Compound is a real estate asset owned by "Alkhabeer Saudi Real Estate Income Fund I", a closed-end private placement fund established by Alkhabeer Capital in accordance with the Investment Funds Regulations issued by the Capital Market Authority for a period of five years starting as from 8 December 2016 and ending on 8 December 2021. "Alkhabeer Saudi Real Estate Income Fund I" seeks to generate a sustainable income from the rents of the real estate investments in the Kingdom of Saudi Arabia, including the residential and commercial properties. Almalga Residential Compound is the only property owned by "Alkhabeer Saudi Real Estate Income Fund I".</li> <li>- Alkhabeer Capital owns 60,500 Units in "Alkhabeer Saudi Real Estate Income Fund I", or 25.2% of the total Units of "Alkhabeer Saudi Real Estate Income Fund I". Upon Alkhabeer REIT's acquisition of Almalga Residential Compound from "Alkhabeer Saudi Real Estate Income Fund I", these Units will be transferred to Units in "Alkhabeer REIT Fund" via an in-kind subscription. Alkhabeer Capital's percentage ownership in "Alkhabeer REIT Fund", following this transfer and the in-kind subscription, will be approximately 7.37% of the Fund's Capital prior to the increase</li> <li>- The aforementioned Units of "Alkhabeer REIT Fund" will be allocated to the Unitholders of "Alkhabeer Saudi Real Estate Income Fund I" (save those who did not make in-</li> </ul>



	<p>kind contributions to “Alkhabeer REIT Fund”) pro rata with the percentage ownership of each of them in “Alkhabeer Saudi Real Estate Income Fund I”. A number of 80,900 Units, totalling SAR 809,000, in “Alkhabeer REIT Fund” will be allocated for each SAR 1,000,000 invested (at inception) in “Alkhabeer Saudi Real Estate Income Fund I”. “Alkhabeer Saudi Real Estate Income Fund I” will be closed immediately after carrying out the necessary liquidation of its assets</p> <ul style="list-style-type: none"> <li>- The Fund Manager declares that the Property is free and clear of any regulatory violations which may impede the use or operation of the Property. The Fund Manager also declares that the Property is in a good technical condition and free of any key architectural faults or defects which may impede the use or operation of the building, or which may result in incurring costly main reforms and changes</li> </ul>
<b>Disclosure</b>	<ul style="list-style-type: none"> <li>- Based on the letter sent by the Lessee (King Faisal Specialist Hospital &amp; Research Centre) on 13/02/2018 in respect of its intent to extend the lease period for eight buildings out of the eighteen buildings currently leased to it, which could cause the Property’s rental returns to decrease to enable the Property to reach a stabilized occupancy rate, the Fund Manager will appoint specialized entities to market the Property and search for new lessees to replace the current Lessee in the vacant ten buildings</li> </ul>



## Second Property: Gallery Mall



Property Overview	
Property Location	Alsaihiya District, King Fahad Road intersection with Prince Fahad bin Sultan Road, City of Tabuk
Location Coordinates	<a href="#">28°23'37.8"N 36°33'38.1"E</a>
Use	Retail
Type of Property Ownership	Leasehold. It is a contract for the investment of a land owned by the Government, represented by the Municipality of Tabuk, allowing the investor to build a marketplace, acquire its proceeds for a period of 25 years (starting 1434H), and thereafter return it to the Municipality of Tabuk on a build and operate basis.
Property Description	Closed Mall
Property Components	It includes 139 retail stores, 15 restaurants, 39 kiosks and 4 coffee shops
Number of Floors	A basement and two floors
Property Facilities	It includes an underground 300-car parking space in the basement, in addition to a 600-car outdoor parking lot, 3 elevators, 6 escalators, 3 service lifts and an entertainment hall
Land Area	41,630 m <sup>2</sup>



<b>Total Built-Up Area</b>	43,625 m <sup>2</sup>
<b>Gross Leasable Area</b>	35,868 m <sup>2</sup>
<b>Property Age</b>	Newly constructed
<b>Date of Completion of Property Development</b>	Second Half of 2020
<b>Date of Property Operation (Expected)</b>	First Quarter of 2021
<b>Building Permit</b>	Permit No.: 58457, dated 01/07/1434

<b>Leasehold Acquisition Agreement</b>	
<b>Current Owner of the Leasehold</b>	Suliman Al Qadeebi Sons' Contracting Company for General Trading and Contracting (the owner of the leasehold) through a build, operate and transfer (BOT) arrangement. The Property is pledged with Al Rajhi Bank (Financier) through discontinuing any action at the Property, against banking facilities provided for Suliman Al Qadeebi Sons' Contracting Company for General Trading and Contracting
<b>"Property Purchase Cost" "Acquisition Value (Excluding the Value Added Tax)"</b>	SAR 155,000,000
<b>Transaction Details</b>	<p>The Property acquisition process is determined as follows:</p> <ul style="list-style-type: none"> <li>- Property cash purchase price: SAR 92,500,000, a part of which to be used to remove the Property's leasehold mortgage in accordance with the arrangement made with Al Rajhi Bank</li> <li>- Property in-kind purchase price (in the form of Units in "Alkhabeer REIT Fund"): SAR 62,500,000, to be paid by registering investment units in the Fund as per the instructions of the Financier (Al Rajhi Bank)</li> </ul>
<b>Assignment of Agreements</b>	The Property's leasehold contract will be transferred from the current Lessee "Suliman Al Qadeebi Sons' Contracting Company for General Trading and Contracting" to the Custodian of the Fund
<b>Investment Units Trading Lock-up Period in Return for the In-kind Share</b>	One year as from the date of commencement of Fund trading



Details of the Property Lease	
<b>Number of Property Lessees</b>	One Lessee, namely "Suliman Al Qadeebi Sons' Contracting Company for General Trading and Contracting", by virtue of a lease and operation contract for the entire Property. The Lessee in return will re-lease the Property's real estate units to a number of lessees
<b>Current Occupancy Rate</b>	100%
<b>Total Annual Rental Value</b>	SAR 22,959,000, payable in advance quarterly – Less the amount of payment of the annual rental value of the land in a sum of SAR 1,579,000, which is payable to the Municipality of Tabuk as per the leasehold contract
<b>Net Annual Rental Value (Less the Operating Expenses)</b>	SAR 21,240,000
<b>Internal Rate of Return (IRR)*</b>	14.71%
<b>Annual Rent for the Last Three Years</b>	Not available, since the Property is under development
<b>Lease/Leases Start and End Dates</b>	The term of the contract is 10 years (five of which are mandatory), effective as from the date of transfer of the Property's leasehold to the Custodian
<b>Payment Method</b>	The rental value will be paid in four advance equal instalments every three Hijri months, starting as from the effective date of the contract. It undertakes to pay each instalment within thirty days after due date, by transferring the rental value to the account of the company holding the assets of the Fund
<b>Conditions for Cancellation of the Lease Contract</b>	<ul style="list-style-type: none"> <li>- The term of the contract is ten years, the first five of which are mandatory. The Lessee is entitled to rescind the contract for the period running from the sixth year up to the tenth year, provided the contract is rescinded by way of a written letter to be sent by the Lessee at least six months before the end of the fifth year; Otherwise the remaining contractual years will be binding</li> <li>- The Fund is entitled to rescind the contract and release itself therefrom, if the Lessee is in breach of one of its obligations contained in the lease contract. In the event the Fund chooses to rescind to the contract, the Fund may keep all the guarantees provided by the Lessee, until all the entitlements contained in the lease contract are settled</li> <li>- Upon contract rescission, the Lessee shall notify all the lessees at the Property of its contract rescission, and</li> </ul>



	shall transfer all the valid contracts to the company holding the assets of the Fund. Rescission of the contract by the Fund does not prevent from recourse against the Lessee for compensation for any damage caused by its action which necessitated the rescission
<b>Guarantees</b>	Ten promissory notes were obtained in a total sum of SAR 114,795,000. The value of each promissory note amounts to SAR 11,479,500, which is equivalent to the semi-annual rental value of the lease contract during the mandatory lease period of five years

\* Annual IRR at the Property level (before calculating the Fund's fees and expenses)

Details of the Property Management Contract	
<b>Property Manager</b>	Property management is a task to be carried out by the Lessee
<b>Property Management Fees</b>	<ul style="list-style-type: none"> <li>- The lease contract of the entire Property includes a liability on the part of the Lessee to only pay any costs related to the Property's operation, maintenance, services and insurance, without the Fund incurring any additional expenses</li> <li>- Insurance costs: A budget of SAR 140,000 annually was allocated to pay any costs related to providing an insurance coverage in respect of the Property. In the event this budget is not disbursed, or if a part thereof is disbursed, the budget surplus will be treated as a Fund asset</li> </ul>
<b>Tasks</b>	All what is related to the operation, marketing, management, maintenance and insurance of the Property

Declarations and Disclosures	
<b>Fund Manager's Declaration</b>	<ul style="list-style-type: none"> <li>- The Fund Manager declares that there is a relation with a related party, as the lease contract signed by Suliman Al Qadeebi Sons' Contracting Company (a seller / lessee / property manager) is considered to be a contract with a related party, since this owner may hold more than 5% of the Fund's total Units based on the arrangement between the owner of the leasehold and the Financier (Al Rajhi Bank)</li> <li>- The Fund Manager declares that there is no direct or indirect conflict of interest with it</li> <li>- The Fund Manager declares that the Property is free and clear of any regulatory violations which may impede the use or operation of the Property. The Fund Manager also declares that the Property is in a good technical condition and free of any key architectural faults or defects which may impede the use or operation of the building, or which</li> </ul>





	may result in incurring costly main reforms and changes
<b>Disclosure</b>	<ul style="list-style-type: none"> <li>- Whereas the Property is under development, no historical data on the Property's rental income could be obtained</li> <li>- Since the Property is under development, the seller of the leasehold interest will obtain a copy of the Construction Completion Certificate in accordance with the relevant municipal regulations, following completing of the development works. In the event the seller is unable to do so, the seller will be held responsible for any damage resulting from not obtaining such Certificate</li> <li>- Whereas any actions in respect of the Property's leasehold were discontinued with the Municipality of Tabuk against a mortgage in favour of Al Rajhi Bank (the Financier), the Fund Manager will make an arrangement with the Municipality of Tabuk and Al Rajhi Bank to obtain from the Municipality of Tabuk a no objection statement regarding the transfer of the leasehold to the Custodian of the Fund as a condition for acquiring the Property</li> </ul>



### Third Property: Palazzo Plaza



Property Overview	
Property Location	Sulaimaniya District, King Mohamed V Street, City of Riyadh
Location Coordinates	<a href="#">24°42'1.22"N 46°42'7.56"E</a>
Use	Retail
Type of Property Ownership	Freehold
Property Description	Commercial mall (Plaza)
Property Components	The Property includes 15 retail outlets
Number of Floors	2 floors (a ground floor and a mezzanine)
Property Facilities	The Property includes a car parking area of 3,000 m <sup>2</sup>
Land Area	6,050 m <sup>2</sup>
Total Built-Up Area	5,819 m <sup>2</sup>
Gross Leasable Area	5,941 m <sup>2</sup>
Property Age	Two years
Date of Completion of Construction	08/03/1438 (as per the Construction Completion Certificate)
Date of Property Operation	08/05/1438, corresponding to 05/02/2017



Title Deeds Data	Deed No.	Date of Issue	Area
	510121036040	24/08/1436	6,050 m <sup>2</sup>
	<b>Deed Issuer:</b> First Notary Public of Riyadh		

Property Acquisition Agreement	
<b>Current Property Owner</b>	Shumou Investment Company is the owner of the Property (as per the title deed). Shumou Company leased the land to Numu Company Ltd. (the current owner of the leasehold of the land)
<b>“Property Purchase Cost” “Acquisition Value (Excluding the Value Added Tax)”</b>	SAR 93,300,000
<b>Transaction Details</b>	<p>The Property acquisition process is determined as follows:</p> <ul style="list-style-type: none"> <li>- Cash purchase in a sum of SAR 50,388,800, payable to Shumou Investment Company (the owner of the Property)</li> <li>- Cash purchase in a sum of SAR 42,911,200, payable to Numu Company Ltd. (the current owner of the leasehold of the land)</li> </ul> <p><b><u>Other Requirements:</u></b></p> <ul style="list-style-type: none"> <li>- To transfer the existing lease contracts entered into with the current lessees immediately after the transfer of title of the Property, where the new owner of the Property (the Lessor) will be the Custodian of the Fund</li> <li>- To make a settlement with the Fund for the rental amounts paid in advance to Numu Company Ltd.</li> </ul>
<b>Assignment of Agreements</b>	The existing lease contracts shall be transferred to the Custodian of the Fund, immediately after transferring the Property title to the Fund

Details of the Property Lease	
<b>Number of Property Lessees</b>	12 Lessees
<b>Current Occupancy Rate</b>	100% (including the arrangement made with Numu Company Ltd. to rent Outlet No. (7), and as such there are no unleased outlets)
<b>Total Annual Rental Value</b>	SAR 8,073,308
<b>Net Annual Rental Value (Less the</b>	SAR 7,623,308



Operating Expenses)		
Total Return*	8.65%	
Net Return*	8.17%	
Annual Rent for the Last Three Years	Year	Gross Income
	2016	N/A (the Property was under development)
	2017*	SAR 1,938,473
	2018**	SAR 2,131,560
	* Since the Property is new, the income as shown is the income generated from the outlets leased during the period, the rental values of which became due and payable in 2017 ** Rental income during the First Half of 2017 generated from the leased outlets which their rental values became due and payable	
Lease/Leases Start and End Dates	The term of the contracts ranges between two to ten years, as per the lease contracts	
Payment Method	Lessee	Payment Method
	Basil Catering Services Company (T' Basil)	The rental value is paid semi-annually according to the Hijri calendar
	Crust Corner Establishment (Crust Corner)	
	Rashid bin Saad AlRashid & Sons Co. (Draft)	
	Modern Food Company (Brew 92)	
	Dream Lights Company (Blue Sign)	
	Adventurer Catering Services Company (Kiva Han)	
	Six Ribs Restaurant for Meals (Ribs Yard)	
	Zaanef Development and Real Estate Investment Company (Lamis)	
	Shamel Food Company Ltd. (Piedays)	The rental value is paid semi-annually according to the Gregorian calendar
	Qottuf Aljazeera Company (Beetroot)	
	Qasr Al Nile Trade and Marketing Company (Um Ali)	
	Numu Company Ltd.	
Conditions for Cancellation of the Lease Contract		
	Lessee: Basil Catering Services Company (T' Basil) - If the Lessee is in breach of any condition or clause contained in this Contract, after being notified in writing, the Lessor is entitled to rescind and cancel this Contract without taking any formal or legal action, and, in this case, the Lessor or its representative is entitled to enter and take over the premises without obtaining a prior	



	<p>permission from the Lessee. In this event, the Lessor is entitled to prevent the Lessee from entering the premises and inventorying the contents thereof. The contents of the premises, as evidenced through inventory, shall be in the possession of the Lessor as guarantee for its contractual rights. The Lessor shall have the right to dispose of them either through sale or by handing them over to the Lessee following obtaining its rights. The Lessee shall assume responsibility for all the damages and the administrative and legal expenses incurred by the Lessor as a result of the Lessee's violation of the clauses of this Contract. The Lessee shall not have the right of recourse against the Lessor in respect of any loss or compensation.</p> <ul style="list-style-type: none"> <li>- In the event the Lessee intends for any reason whatsoever to vacate the premises or terminate the Contract prior to its expiration, the Lessee shall undertake to pay the full rental value up to the end of the Contract term. The Lessee shall also undertake to vacate the premises and hand them over by virtue of a handover report signed by both parties (by the authorized signatories). The Lessee shall not, in any event, make a request to sub-lease or assign the lease contract to any third party for any reason whatsoever.</li> <li>- In the event the Lessee is in delay in handing over the premises on the scheduled time for the termination or expiration of the Contract for whatever reason, or upon avoidance of signing of the handover report, the Lessee is considered hereby to have authorized (Numu Company Ltd.) to sign the takeover report instead of the Lessee, without any Shari'a or legal liability on the part of the Lessor.</li> <li>- In the event of filing a lawsuit by the Lessee against the Lessor upon expiration of the Contract and/or upon serving a notice to the Lessee by the Lessor to vacate the premises, this shall not indicate, in any event, that the Lessee is permitted to continue occupying the premises by arguing that there is a case filed against the Lessor. The Lessee is considered hereby to have authorized (Numu Company Ltd.) to open the premises and inventory, take over and sell their contents, and not to enable the Lessee to occupy the premises even if the case is not over yet.</li> </ul> <p><b>Lessee: Crust Corner Establishment (Crust Corner)</b></p> <ul style="list-style-type: none"> <li>- If the Lessee is in breach of any condition or clause contained in this Contract, after being notified in writing, the Lessor is entitled to rescind and cancel this Contract without taking any formal or legal action, and, in this case,</li> </ul>
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	<p>the Lessor or its representative is entitled to enter and take over the premises without obtaining a prior permission from the Lessee. In this event, the Lessor is entitled to prevent the Lessee from entering the premises and inventorying the contents thereof. The contents of the premises, as evidenced through inventory, shall be in the possession of the Lessor as guarantee for its contractual rights. The Lessor shall have the right to dispose of them either through sale or by handing them over to the Lessee following obtaining its rights. The Lessee shall assume responsibility for all the damages and the administrative and legal expenses incurred by the Lessor as a result of the Lessee's violation of the clauses of this Contract. The Lessee shall not have the right of recourse against the Lessor in respect of any loss or compensation.</p> <ul style="list-style-type: none"> <li>- In the event the Lessee intends for any reason whatsoever to vacate the premises or terminate the Contract prior to its expiration, the Lessee shall undertake to pay the full rental value up to the end of the Contract term. The Lessee shall also undertake to vacate the premises and hand them over by virtue of a handover report signed by both parties by the authorized signatories. The Lessee shall not, in any event, make a request to sub-lease or assign the lease contract to any third party for any reason whatsoever.</li> <li>- In the event the Lessee is in delay in handing over the premises on the scheduled time for the termination or expiration of the Contract for whatever reason, or upon avoidance of signing of the handover report, the Lessee is considered hereby to have authorized (Numu Company Ltd.) to sign the handover report instead of the Lessee, without any Shari'a or legal liability on the part of the Lessor.</li> <li>- In the event of filing a lawsuit by the Lessee against the Lessor upon expiration of the Contract and/or upon serving a notice to the Lessee by the Lessor to vacate the premises, this shall not indicate, in any event, that the Lessee is permitted to continue occupying the premises by arguing that there is a case filed against the Lessor. The Lessee is considered hereby to have authorized (Numu Company Ltd.) to open the premises and inventory, take over and sell their contents under the supervision of the Mayor of the District, a police representative, two witnesses or the Imam of the District's Mosque, without a need for any legal action or court order, and not to enable the Lessee to occupy the premises even if the case is not over yet.</li> </ul>
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	Lessee: Rashid bin Saad AlRashid & Sons Co. (Draft)
	<ul style="list-style-type: none"> <li>- If the Lessee is in breach of any condition or clause contained in this Contract, after being notified in writing, the Lessor is entitled to rescind and cancel this Contract without taking any formal or legal action, and, in this case, the Lessor or its representative is entitled to enter and take over the premises without obtaining a prior permission from the Lessee. In this event, the Lessor is entitled to prevent the Lessee from entering the premises and inventorying the contents thereof. The contents of the premises, as evidenced through inventory, shall be in the possession of the Lessor as guarantee for its contractual rights. The Lessor shall have the right to dispose of them either through sale or by handing them over to the Lessee following obtaining its rights. The Lessee shall assume responsibility for all the damages and the administrative and legal expenses incurred by the Lessor as a result of the Lessee's violation of the</li> </ul> <p>s of this Contract. The Lessee shall not have the right of recourse against the Lessor in respect of any loss or compensation.</p>
	Lessee: Shamel Food Company Ltd. (Piedays)
	<ul style="list-style-type: none"> <li>- If the Lessee is in breach of any condition or clause contained in this Contract, after being notified in writing, the Lessor is entitled to rescind and cancel this Contract without taking any formal or legal action, and, in this case, the Lessor or its representative is entitled to enter and take over the premises without obtaining a prior permission from the Lessee. In this event, the Lessor is entitled to prevent the Lessee from entering the premises and inventorying the contents thereof. The contents of the premises, as evidenced through inventory, shall be in the possession of the Lessor as guarantee for its contractual rights. The Lessor shall have the right to dispose of them either through sale or by handing them over to the Lessee following obtaining its rights. The Lessee shall assume responsibility for all the damages and the administrative and legal expenses incurred by the Lessor as a result of the Lessee's violation of the clauses of this Contract. The Lessee shall not have the right of recourse against the Lessor in respect of any loss or compensation.</li> <li>- In the event the Lessee intends for any reason whatsoever to vacate the premises or terminate this Contract prior to its expiration, the Lessee shall undertake to pay the full rental value for the mandatory period of two (2) Gregorian years starting as from the start date of this</li> </ul>



	<p>Contract. The Lessee shall also undertake to vacate the premises and hand them over by virtue of a handover report signed by both parties (by the authorized signatories). The Lessee shall not, in any event, make a request to sub-lease or assign the lease contract to any third party for any reason whatsoever.</p> <ul style="list-style-type: none"> <li>- In the event the Lessee is in delay in handing over the premises on the scheduled time for the termination or expiration of the Contract for whatever reason, or upon avoidance of signing of the handover report, the Lessee is considered hereby to have authorized (Numu Company Ltd.) to sign the handover report instead of the Lessee, without any Shari'a or legal liability on the part of the Lessor.</li> <li>- In the event of filing a lawsuit by the Lessee against the Lessor upon expiration of the Contract and/or upon serving a notice to the Lessee by the Lessor to vacate the premises, this shall not indicate, in any event, that the Lessee is permitted to continue occupying the premises by arguing that there is a case filed against the Lessor. The Lessee is considered hereby to have authorized (Numu Company Ltd.) to open the premises and inventory, take over and sell their contents under the supervision of the Mayor of the District, a police representative, two witnesses or the Imam of the District's Mosque, without a need for any legal action or court order, and not to enable the Lessee to occupy the premises even if the case is not over yet.</li> </ul> <p>Lessee: Modern Food Company (Brew 92)</p> <ul style="list-style-type: none"> <li>- If the Lessee is in breach of any condition or clause contained in this Contract, after being notified by the Lessor in writing of its breach and given a remedial grace period of thirty (30) days to remedy this breach, the Lessor is entitled to rescind and cancel this Contract without taking any formal or legal action, and, in this case, the Lessor or its representative is entitled to enter and take over the premises without obtaining a prior permission from the Lessee. In this event, the Lessor is entitled to prevent the Lessee from entering the premises and inventorying the contents thereof. The contents of the premises, as evidenced through inventory, shall be in the possession of the Lessor as guarantee for its contractual rights. The Lessor shall have the right to dispose of them either through sale or by handing them over to the Lessee following obtaining its rights. The Lessee shall assume responsibility for all the damages and the administrative and legal expenses incurred by the Lessor as a result of</li> </ul>
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	<p>the Lessee's violation of the clauses of this Contract. The Lessee shall not have the right of recourse against the Lessor in respect of any loss or compensation.</p> <ul style="list-style-type: none"> <li>- In the event the Lessee intends for any reason whatsoever to vacate the premises or terminate this Contract prior to its expiration, the Lessee shall undertake to pay the full rental value up to the end of this Contract term. The Lessee shall also undertake to vacate the premises and hand them over by virtue of a handover report signed by both parties (by the authorized signatories). The Lessee shall not, in any event, make a request to sub-lease or assign the lease contract to any third party for any reason whatsoever.</li> <li>- In the event the Lessee is in delay in handing over the premises on the scheduled time for the termination or expiration of the Contract for whatever reason, or upon avoidance of signing of the handover report, the Lessee is considered hereby to have authorized (Numu Company Ltd.) to sign the handover report instead of the Lessee, without any Shari'a or legal liability on the part of the Lessor.</li> <li>- In the event of filing a lawsuit by the Lessee against the Lessor upon expiration of the Contract and/or upon serving a notice to the Lessee by the Lessor to vacate the premises, this shall not indicate, in any event, that the Lessee is permitted to continue occupying the premises by arguing that there is a case filed against the Lessor. The Lessee is considered hereby to have authorized (Numu Company Ltd.) to open the premises and inventory, take over and sell their contents under the supervision of the Mayor of the District, a police representative, two witnesses or the Imam of the District's Mosque, without a need for any legal action or court order, and not to enable the Lessee to occupy the premises even if the case is not over yet.</li> </ul> <p><b>Lessee: Dream Lights Company (Blue Sign)</b></p> <ul style="list-style-type: none"> <li>- If the Lessee is in breach of any condition or clause contained in this Contract, after being notified in writing, the Lessor is entitled to rescind and cancel this Contract without taking any formal or legal action, and, in this case, the Lessor or its representative is entitled to enter and take over the premises without obtaining a prior permission from the Lessee. In this event, the Lessor is entitled to prevent the Lessee from entering the premises and inventorying the contents thereof. The contents of the premises, as evidenced through inventory, shall be in the</li> </ul>
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	<p>possession of the Lessor as guarantee for its contractual rights. The Lessor shall have the right to dispose of them either through sale or by handing them over to the Lessee following obtaining its rights. The Lessee shall assume responsibility for all the damages and the administrative and legal expenses incurred by the Lessor as a result of the Lessee's violation of the clauses of this Contract. The Lessee shall not have the right of recourse against the Lessor in respect of any loss or compensation.</p> <ul style="list-style-type: none"> <li>- In the event the Lessee intends for any reason whatsoever to vacate the premises or terminate the Contract prior to its expiration, the Lessee shall undertake to pay the full rental value up to the end of the Contract term. The Lessee shall also undertake to vacate the premises and hand them over by virtue of a handover report signed by both parties by the authorized signatories.</li> </ul>
	<p><b>Lessee: Numu Company Ltd.</b></p>
	<ul style="list-style-type: none"> <li>- The Lessor undertakes to accept the request for Contract rescission if the Lessee leases Outlet No. (7) to any third party, provided the annual rental value to be paid by the new party is not less than the rental value specified in this Contract.</li> </ul>
	<p><b>Lessee: Adventurer Catering Services Company (Kiva Han)</b></p> <ul style="list-style-type: none"> <li>- If the Lessee is in breach of any condition or clause contained in this Contract, after being notified by the Lessor in writing and given a remedial grace period of sixty (60) days to remedy this breach, the Lessor is entitled to take any formal and legal action to rescind and cancel this Contract, and, in this case, the Lessor or its representative is entitled to enter and take over the premises without obtaining a prior permission from the Lessee. In this event, the Lessor is entitled to prevent the Lessee from entering the premises and inventorying the contents thereof. The contents of the premises, as evidenced through inventory, shall be in the possession of the Lessor as guarantee for its contractual rights. The Lessor shall have the right to dispose of them either through sale or by handing them over to the Lessee following obtaining its rights. The Lessee shall assume responsibility for all the damages and the administrative and legal expenses incurred by the Lessor as a result of the Lessee's violation of the clauses of this Contract. The Lessee shall not have the right of recourse against the Lessor in respect of any loss or compensation.</li> </ul>



	<ul style="list-style-type: none"> <li>- In the event the Lessee intends for any reason whatsoever to vacate the premises or terminate this Contract prior to its expiration, the Lessee shall undertake to pay the full rental value for the remaining contractual mandatory period, namely the first three (3) lease Hijri years of this Contract. The Lessee shall also undertake to vacate the premises and hand them over by virtue of a handover report signed by both parties (by the authorized signatories). The Lessee shall not, in any event, make a request to sub-lease or assign the lease contract to any third party for any reason whatsoever, except by referring back to the Lessor and obtaining the Lessor's written approval of the same.</li> <li>- In the event the Lessee is in delay in handing over the premises on the scheduled time for the termination or expiration of the Contract for whatever reason, or upon avoidance of signing of the handover report, the Lessee is considered hereby to have authorized (Numu Company Ltd.) to sign the handover report instead of the Lessee, without any Shari'a or legal liability on the part of the Lessor.</li> <li>- In the event of filing a lawsuit by the Lessee against the Lessor upon expiration of the Contract and/or upon serving a notice to the Lessee by the Lessor to vacate the premises, this shall not indicate, in any event, that the Lessee is permitted to continue occupying the premises by arguing that there is a case filed against the Lessor. The Lessee is considered hereby to have authorized (Numu Company Ltd.) to open the premises and inventory, take over and sell their contents under the supervision of the Mayor of the District, a police representative, two witnesses or the Imam of the District's Mosque, without a need for any legal action or court order, and not to enable the Lessee to occupy the premises even if the case is not over yet.</li> </ul>
	<p><b>Lessee: Qottuf Aljazeera Company (Beetroot)</b></p>
	<ul style="list-style-type: none"> <li>- If the Lessee is in breach of any condition or clause contained in this Contract, after being notified in writing, the Lessor is entitled to rescind and cancel this Contract without taking any formal or legal action, and, in this case, the Lessor or its representative is entitled to enter and take over the premises without obtaining a prior permission from the Lessee. In this event, the Lessor is entitled to prevent the Lessee from entering the premises and inventorying the contents thereof. The contents of the premises, as evidenced through inventory, shall be in the</li> </ul>



	possession of the Lessor as guarantee for its contractual rights. The Lessor shall have the right to dispose of them either through sale or by handing them over to the Lessee following obtaining its rights. The Lessee shall assume responsibility for all the damages and the administrative and legal expenses incurred by the Lessor as a result of the Lessee's violation of the clauses of this Contract. The Lessee shall not have the right of recourse against the Lessor in respect of any loss or compensation.
	<b>Lessee: Six Ribs Restaurant for Meals (Ribs Yard)</b>
	<ul style="list-style-type: none"> <li>- If the Lessee is in breach of any condition or clause contained in this Contract, after being notified in writing, the Lessor is entitled to rescind and cancel this Contract without taking any formal or legal action, and, in this case, the Lessor or its representative is entitled to enter and take over the premises without obtaining a prior permission from the Lessee. In this event, the Lessor is entitled to prevent the Lessee from entering the premises and inventorying the contents thereof. The contents of the premises, as evidenced through inventory, shall be in the possession of the Lessor as guarantee for its contractual rights. The Lessor shall have the right to dispose of them either through sale or by handing them over to the Lessee following obtaining its rights. The Lessee shall assume responsibility for all the damages and the administrative and legal expenses incurred by the Lessor as a result of the Lessee's violation of the clauses of this Contract. The Lessee shall not have the right of recourse against the Lessor in respect of any loss or compensation.</li> <li>- In the event the Lessee intends for any reason whatsoever to vacate the premises or terminate the Contract prior to its expiration, the Lessee shall undertake to pay the full rental value up to the end of the Contract term, provided that the Lessee notifies the Lessor in writing ( a notice signed by the authorized signatory) of its intent to vacate the premises at least six Hijri months prior to the scheduled date of vacation.</li> </ul>
	<b>Lessee: Zaanef Development and Real Estate Investment Company (Lamis)</b>
	<ul style="list-style-type: none"> <li>- If the Lessee is in breach of any condition or clause contained in this Contract, after being notified in writing, the Lessor is entitled to rescind and cancel this Contract without taking any formal or legal action, and, in this case, the Lessor or its representative is entitled to enter and take over the premises without obtaining a prior permission from the Lessee. In this event, the Lessor is</li> </ul>



	<p>entitled to prevent the Lessee from entering the premises and inventorying the contents thereof. The contents of the premises, as evidenced through inventory, shall be in the possession of the Lessor as guarantee for its contractual rights. The Lessor shall have the right to dispose of them either through sale or by handing them over to the Lessee following obtaining its rights. The Lessee shall assume responsibility for all the damages and the administrative and legal expenses incurred by the Lessor as a result of the Lessee's violation of the clauses of this Contract. The Lessee shall not have the right of recourse against the Lessor in respect of any loss or compensation.</p>
	<p><b>Lessee: Qasr Al Nile Trade and Marketing Company (Um Ali)</b></p> <ul style="list-style-type: none"> <li>- If the Lessee is in breach of any condition or clause contained in this Contract, after being notified in writing, the Lessor is entitled to rescind and cancel this Contract without taking any formal or legal action, and, in this case, the Lessor or its representative is entitled to enter and take over the premises without obtaining a prior permission from the Lessee. In this event, the Lessor is entitled to prevent the Lessee from entering the premises and inventorying the contents thereof. The contents of the premises, as evidenced through inventory, shall be in the possession of the Lessor as guarantee for its contractual rights. The Lessor shall have the right to dispose of them either through sale or by handing them over to the Lessee following obtaining its rights. The Lessee shall assume responsibility for all the damages and the administrative and legal expenses incurred by the Lessor as a result of the Lessee's violation of the clauses of this Contract. The Lessee shall not have the right of recourse against the Lessor in respect of any loss or compensation.</li> <li>- In the event the Lessee intends for any reason whatsoever to vacate the premises or terminate this Contract prior to its expiration, the Lessee shall undertake to pay the full rental value up to the end of this Contract term. The Lessee shall also undertake to vacate the premises and hand them over by virtue of a handover report signed by both parties. The Lessee shall not, in any event, make a request to sub-lease or assign the lease contract to any third party for any reason whatsoever.</li> <li>- In the event the Lessee is in delay in handing over the premises on the scheduled time for the termination or expiration of this Contract for whatever reason, or upon avoidance of signing of the handover report, the Lessee</li> </ul>



	<p>is considered hereby to have authorized Numu Company Ltd. to sign the handover report instead of the Lessee, without any Shari'a or legal liability on the part of the Lessor.</p> <ul style="list-style-type: none"> <li>- In the event of filing a lawsuit by the Lessee against the Lessor upon expiration of the Contract and/or upon serving a notice to the Lessee by the Lessor to vacate the premises, this shall not indicate, in any event, that the Lessee is permitted to continue occupying the premises by arguing that there is a case filed against the Lessor. The Lessee is considered hereby to have authorized Numu Company Ltd. to open the premises and inventory, take over and sell their contents under the supervision of the Mayor of the District, a police representative, two witnesses or the Imam of the District's Mosque, without a need for any legal action or court order, and not to enable the Lessee to occupy the premises even if the case is not over yet.</li> </ul>
<b>Guarantees</b>	There are no guarantees related to the settlement of the Property's rental payments

\* Return at the Property level (before calculating the Fund's fees and expenses)

Details of the Property Management Contract	
<b>Property Manager</b>	Numu Company Ltd.
<b>Property Management Fees</b>	<ul style="list-style-type: none"> <li>- SAR 400,000 per annum, payable in two advance equal instalments every six Gregorian months</li> <li>- Insurance costs: A budget of SAR 50,000 annually was allocated to pay any costs related to providing an insurance coverage in respect of the Property. In the event this budget is not disbursed, or if a part thereof is disbursed, the budget surplus will be treated as a Fund asset</li> </ul>
<b>Contract Term</b>	Three years, starting as from the date of the Fund's acquisition of the Property
<b>Tasks</b>	All services related to the operation, marketing, maintenance, insurance (operational) and provision of security guard services to the Property. This value includes any costs related to electricity and water and other public utility fees or costs



Declarations and Disclosures	
<b>Fund Manager's Declaration</b>	<ul style="list-style-type: none"> <li>- The Fund Manager declares that there is a relation with a related party, where Numu Company Ltd. (the current owner of the leasehold) is considered a related party, since it will be appointed a Property Manager for the Property</li> <li>- The Fund Manager declares that there is no direct or indirect conflict of interest between the following parties and: <ul style="list-style-type: none"> <li>- The Fund Manager</li> <li>- The lessee(s) of real estate assets with returns constituting 10% or more of the Fund's annul rental returns</li> </ul> </li> <li>- The Fund Manager declares that the Property is free and clear of any regulatory violations which may impede the use or operation of the Property. The Fund Manager also declares that the Property is in a good technical condition and free of any key architectural faults or defects which may impede the use or operation of the building, or which may result in incurring costly main reforms and changes</li> </ul>



#### Fourth Property: Home Works Center

The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.



Property Overview	
Property Location	King Fahad District, King Abdullah Road, City of Riyadh
Location Coordinates	<a href="#">24°43'54.5"N 46°40'16.9"E</a>
Use	Retail
Type of Property Ownership	Freehold
Property Description	A retail center under the “Home Works” brand
Property Components	Commercial mall (Outlet)
Number of Floors	One floor, in addition to a basement
Property Facilities	Outdoor parking spaces and underground parking spaces in the basement
Land Area	7,000 m <sup>2</sup>
Total Built-Up Area	9,181 m <sup>2</sup>
Gross Leasable Area	5,275 m <sup>2</sup>
Property Age	20 years
Date of Issue of the Building Permit	02/02/1419





<b>Date of Property Operation</b>	13/9/1439, corresponding to 28/05/2018, based on the date of Property re-opening by the current Lessee Al-Futtaim Global Trading Company under the "Home Works" brand. The Property was previously operational for a period of eighteen years. The current Lessee renovated the Property in full		
<b>Title Deeds Data</b>	<b>Deed No.</b>	<b>Date of Issue</b>	<b>Area</b>
	310116033981	18/07/1437	1,750 m <sup>2</sup>
	910120038806	18/07/1437	2,625 m <sup>2</sup>
	410111039557	18/07/1437	2,625 m <sup>2</sup>
<b>Deed Issuer:</b> First Notary Public of Riyadh			

Property Acquisition Agreement	
<b>Current Property Owner</b>	Abdulkader bin Shaiba Al-Hamad bin Yousef Shaiba Al-Hamad
<b>"Property Purchase Cost"</b> <b>"Acquisition Value (Excluding the Value Added Tax)"</b>	SAR 78,000,000
<b>Transaction Details</b>	<p>Cash purchase of the entire Property in a sum of SAR 78,000,000</p> <p><b><u>Other Requirements:</u></b></p> <p>To sign the transfer addendum to the lease contract with the current Lessee (Al-Futtaim Global Trading Company), immediately following the transfer of title of the Property where the (Lessor) will be the Custodian of the Fund</p>
<b>Assignment of Agreements</b>	An arrangement will be made to sign a supplementary addendum to transfer the existing lease contract with the current Lessee (Al-Futtaim Global Trading Company) in order to complete the lease relation where the Lessor will be the Custodian of the Fund

Details of the Property Lease	
<b>Number of Property Lessees</b>	One Lessee, namely "Al-Futtaim Global Trading Company"
<b>Current Occupancy Rate</b>	100%
<b>Total Annual Rental Value</b>	<p>SAR 6,000,000, with a rent escalation in the sum of SAR 250 thousand every five years as follows:</p> <ul style="list-style-type: none"> <li>- SAR 6,000,000 per annum for a period of five years starting as from 01/08/1438H and ending on the last day</li> </ul>



	<p>of Rajab 1443H</p> <ul style="list-style-type: none"> <li>- SAR 6,250,000 per annum for a period of five years starting as from 01/08/1443H and ending on the last day of Rajab 1448H</li> <li>- SAR 6,500,000 per annum for a period of five years starting as from 01/08/1448H and ending on the last day of Rajab 1453H</li> </ul>		
<b>Net Annual Rental Value (Less the Operating Expenses)</b>	SAR 5,940,000		
<b>Total Return*</b>	7.69%		
<b>Net Return*</b>	7.62%		
<b>Annual Rent for the Last Six Years</b>	<b>Year</b>	<b>Gross Income</b>	<b>Occupancy Rate</b>
	<b>2013</b>	SAR 3.9 million	100%
	<b>2014</b>	SAR 3.9 million	100%
	<b>2015</b>	SAR 3.9 million	100%
	<b>2016</b>	under structural mobilization works	N/A
	<b>2017</b>	SAR 3 million	100%
	<b>2018</b>	SAR 6 million	100%
<b>Lease/Leases Start and End Dates</b>	The term of the contract with the Property's Lessee is 15 years (with 13 years remaining, since it started on 01/08/1438 and will end by the last day of Rajab 1453)		
<b>Payment Method</b>	Based on the lease contract, the rental value shall be paid semi-annually in two equal instalments every six Hijri months, by way of a bank transfer to the account as specified by the Lessor (the Fund). An arrangement will be made with the Lessee to pay the rental value immediately after the Property's acquisition by way of a bank transfer to the account of the company holding the assets of the Fund		
<b>Conditions for Cancellation of the Lease Contract</b>	<ul style="list-style-type: none"> <li>- In the event of any default on the part of the Lessee, namely if the Lessee is in delay in delivering the due and payable rental amount or any monetary entitlements arising as a result of the contract, or if it is in breach of any of the contractual conditions and fails to remedy this breach during the grace period as granted in the contract, the Lessor (the Fund) is entitled to terminate the contract, without prejudice to its right to take any remedial action in accordance with the provisions of the contract and applicable laws</li> <li>- The Lessor (the Fund) is entitled to receive the due and payable rental amount and any other monetary entitlements arising as a result of the contract</li> </ul>		



<b>Guarantees</b>	There are no guarantees related to the settlement of the rental payments by the Lessee
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\* Return at the Property level (before calculating the Fund's fees and expenses)

<b>Details of the Property Management Contract</b>	
<b>Property Manager</b>	The Lessee (Al-Futtaim Global Trading Company) will be responsible for the management of the Property
<b>Property Management Fees</b>	<ul style="list-style-type: none"> <li>- The Lessee is responsible for the management, operational maintenance and operation of the Property</li> <li>- Insurance costs: A budget of SAR 60,000 annually was allocated to pay any costs related to providing an insurance coverage in respect of the Property. In the event this budget is not disbursed, or if a part thereof is disbursed, the budget surplus will be treated as a Fund asset</li> </ul>
<b>Tasks</b>	All services related to the management and operation of the Property

<b>Declarations and Disclosures</b>	
<b>Fund Manager's Declaration</b>	<ul style="list-style-type: none"> <li>- The Fund Manager declares that there is no direct or indirect conflict of interest between the following parties: <ul style="list-style-type: none"> <li>- The Fund Manager</li> <li>- The Fund-related Property Manager(s)</li> <li>- The Fund-related Property Owner(s)</li> <li>- The lessee(s) of real estate assets with returns constituting 10% or more of the Fund's annual rental returns</li> </ul> </li> <li>- The Fund Manager declares that the Property is free and clear of any regulatory violations which may impede the use or operation of the Property. The Fund Manager also declares that the Property is in a good technical condition and free of any key architectural faults or defects which may impede the use or operation of the building, or which may result in incurring costly main reforms and changes</li> </ul>
<b>Disclosure</b>	<ul style="list-style-type: none"> <li>- The Property's Construction Completion Certificate is not issued yet. As such, the Fund Manager undertakes to endeavour to obtain the Construction Completion Certificate within 12 months as of the date of the Fund's inception. In the event the Fund Manager is unable to do so, the Fund Manager shall be held responsible in the event of any violation occurring as a result of not obtaining such Certificate</li> </ul>



### Fifth Property: Ahlan Court



Property Overview	
Property Location	Al Andalus District, Prince Mohammed bin Abdulaziz Street, City of Jeddah
Location Coordinates	<a href="#">21°32'50.87"N 39° 8'23.63"E</a>
Use	Retail
Type of Property Ownership	Freehold
Property Description	Commercial mall (Plaza)
Property Components	9 outlets and 1 office
Number of Floors	2 floors
Property Facilities	Car parking spaces
Land Area	4,342 m <sup>2</sup>
Total Built-Up Area	2,758 m <sup>2</sup>
Gross Leasable Area	1,869 m <sup>2</sup>
Property Age	10 years
Date of Issue of the Building Permit	27/03/1427, corresponding to 25/04/2006



<b>Date of Property Operation</b>	08/07/1430, corresponding to 01/07/2009		
<b>Title Deeds Data</b>	<b>Deed No.</b>	<b>Date of Issue</b>	<b>Area</b>
	420208026213	13/10/1439	4,342.25 m <sup>2</sup>
	<b>Deed Issuer:</b> First Notary Public of Jeddah		

Property Acquisition Agreement	
<b>Current Property Owner (As per the Title Deed)</b>	The Property is pledged with AlJazira Bank (the Financier) by way of transfer of title in favour of Aman Development and Real Estate Investment Company (a subsidiary of AlJazira Bank), against banking facilities provided for Mr. Saleh bin Mohammed Awad bin Laden (the initial owner of the Property)
<b>“Property Purchase Cost” “Acquisition Value (Excluding the Value Added Tax)”</b>	SAR 70,000,000
<b>Transaction Details</b>	The Property acquisition process is determined as follows: <ul style="list-style-type: none"> <li>- Property cash purchase price: SAR 32,000,000</li> <li>- Property in-kind purchase price (in the form of Units in “Alkhabeer REIT Fund”): SAR 38,000,000, to be paid by registering investment units in the Fund as per the instructions of the Financier (AlJazira Bank) in this respect</li> </ul>
<b>Investment Units Trading Lock-up Period in Return for the In-kind Share</b>	One year as from the date of commencement of Fund trading

Details of the Property Lease	
<b>Number of Property Lessees</b>	One Lessee, namely “Nadd Arabia Real Estate Marketing Company”, by virtue of a lease and operation contract for the entire Property. The Lessee in return will re-lease the Property’s real estate units to a number of lessees
<b>Current Occupancy Rate</b>	100%
<b>Total Annual Rental Value</b>	SAR 7,000,000. The rental value shall be paid semi-annually in advance, with a rent escalation of 5% every five years of the rental period as follows: <ul style="list-style-type: none"> <li>- SAR 7,000,000 for the first year up to the fifth year</li> <li>- SAR 7,350,000 for the sixth year up to the tenth year</li> <li>- SAR 7,717,500 for the eleventh year up to the fifteenth year</li> </ul>



<b>Net Annual Rental Value For the First Year (Less the Operating Expenses)</b>	SAR 6,960,000		
<b>Total Return*</b>	10.00%		
<b>Net Return*</b>	9.94%		
<b>Annual Rent for the Last Three Years</b>	<b>Year</b>	<b>Gross Income</b>	<b>Occupancy Rate</b>
	<b>2015</b>	SAR 2,571,049	75%
	<b>2016</b>	SAR 3,035,999	100%
	<b>2017*</b>	SAR 1,390,000	62.5%
	* The gross income decreased as a result of a substantial vacation of the commercial outlets for the purpose of carrying out comprehensive renovation works at the Property		
<b>Lease/Leases Start and End Dates</b>	15 mandatory years, starting as from the date of transfer of title of the Property to the Custodian of the Fund		
<b>Payment Method</b>	The Lessee shall settle the due and payable rental value in two advance equal instalments every six Hijri months, starting as from the effective date of the contract, by transferring the rental value to the account of the company holding the assets of the Fund		
<b>Conditions for Cancellation of the Lease Contract</b>	<ul style="list-style-type: none"> <li>- The Fund is entitled to rescind the contract and release itself therefrom, if the Lessee is in breach of one of its obligations contained in the lease contract. In the event the Fund chooses to rescind to the contract, the Fund may keep all the guarantees provided by the Lessee, until all the entitlements contained in the lease contract are settled</li> <li>- Upon contract rescission, the Lessee shall notify all the lessees at the Property of its contract rescission, and shall transfer all the valid contracts to the company holding the assets of the Fund. Rescission of the contract by the Fund does not prevent from recourse against the Lessee for compensation for any damage caused by its action which necessitated the rescission</li> </ul>		
<b>Guarantees</b>	30 promissory notes, covering the rental value for the mandatory period of fifteen years, were obtained		

\* Return at the Property level (before calculating the Fund's fees and expenses)



Details of the Property Management Contract	
<b>Property Manager</b>	The Lessee is responsible for the management of the properties
<b>Property Management Fees</b>	<ul style="list-style-type: none"> <li>- The Lessee is responsible for the management, operational maintenance and operation of the Property</li> <li>- Insurance costs: A budget of SAR 40,000 annually was allocated to pay any costs related to providing an insurance coverage in respect of the Property. In the event this budget is not disbursed, or if a part thereof is disbursed, the budget surplus will be treated as a Fund asset</li> </ul>
<b>Tasks</b>	All services related to the operation, marketing, management, maintenance (operational) and insurance (operational) of the Property

Declarations and Disclosures	
<b>Fund Manager's Declaration</b>	<ul style="list-style-type: none"> <li>- The title deed of the Property is pledged with AlJazira Bank against bank financing facilities. An arrangement was made with the Financier to repay the financing amount of SAR 32,000,000, and thereafter remove the mortgage and transfer title of the Property to the Custodian of the Fund</li> <li>- The Fund Manager declares that there is a relation with a related party, where Aman Development and Real Estate Investment Company (the seller of the Property) is considered to be a related party since it owns 5.72% of the Fund's Units. The Fund Manager also declares that there is a potential direct conflict of interest with the initial owner of the Property (Mr. Saleh bin Mohammed Awad bin Laden), since this owner may own more than 5% of the total Units of the Fund based on the arrangement between the initial owner of the Property and the Financier (AlJazira Bank)</li> <li>- The Fund Manager declares that there is a direct conflict of interest with the Lessee of Ahlan Court, the returns of which constitute 10% or more of the Fund's annual rental returns, since the lease contract signed with Nadd Arabia Real Estate Marketing Company is considered to be a contract with a related party. Nadd Arabia Real Estate Marketing Company is owned by Bin Holding Company Ltd. (67%) and Abdullah Saleh bin Laden (33%) who is a first degree relative of the initial owner of the Property</li> <li>- The Fund Manager declares that there is no direct or</li> </ul>



	<p>indirect conflict of interest between the following parties and the Fund Manager</p> <ul style="list-style-type: none"> <li>- The Fund Manager declares that the Property is free and clear of any regulatory violations which may impede the use or operation of the Property. The Fund Manager also declares that the Property is in a good technical condition and free of any key architectural faults or defects which may impede the use or operation of the building, or which may result in incurring costly main reforms and changes</li> </ul>
<b>Disclosure</b>	<ul style="list-style-type: none"> <li>- Whereas the Property's Construction Completion Certificate is not issued yet, the seller of the Property undertakes to endeavour to obtain the Construction Completion Certificate within 12 months as of the date of the Fund's inception. In the event the seller is unable to do so, the seller shall be held responsible for any damage resulting from not obtaining such Certificate</li> <li>- Bin Holding Company Ltd. is owned by each of the following: Maha bint Abdullah bin Mohamad Al Dabbagh (51%), Mohammed bin Saleh bin Mohammed bin Laden (31.5%), Abdullah bin Saleh bin Mohammed bin Laden (5%), Ghaith bin Saleh bin Mohammed bin Laden (5%), Mariam bint Saleh bin Mohammed bin Laden (2.5%), Azza bint Saleh bin Mohammed bin Laden (2.5%) and Al Batoul bint Saleh bin Mohammed bin Laden (2.5%); all of whom are first degree relatives of the initial owner of the Property</li> </ul>





### Sixth Property: BIN II Plaza



Property Overview	
Property Location	Amwaj District, Prince Abdulmajeed Road intersection with Prince Nayef Road, City of Jeddah
Location Coordinates	<a href="#">21°45'41.6"N 39°04'42.3"E</a>
Use	Retail / Office
Type of Property Ownership	Freehold
Property Description	Three commercial and office buildings
Property Components	Comprised of 21 offices and 42 commercial outlets
Number of Floors	3 floors
Property Facilities	Outdoor car parking spaces
Land Area	20,642 m <sup>2</sup>
Total Built-Up Area	21,305 m <sup>2</sup>
Gross Leasable Area	14,798 m <sup>2</sup>
Property Age	4 years
Date of Issue of the Building Permit	29/02/1431, corresponding to 13/02/2010



<b>Date of Property Operation</b>	22/03/1436, corresponding to 13/01/2015		
<b>Title Deeds Data</b>	<b>Deed No.</b>	<b>Date of Issue</b>	<b>Area</b>
	220204017985	09/05/1435	20,641.74 m <sup>2</sup>
	<b>Deed Issuer:</b> First Notary Public of Jeddah		

Property Acquisition Agreement	
<b>Current Property Owner</b>	The Property is pledged with Banque Saudi Fransi (the Financier) by way of transfer of title in favour of Sakan Real Estate Financing Company (a subsidiary of Banque Saudi Fransi), against banking facilities provided for Mr. Saleh bin Mohammed Awad bin Laden (the initial owner of the Property)
<b>“Property Purchase Cost” “Acquisition Value (Excluding the Value Added Tax)”</b>	SAR 90,000,000
<b>Transaction Details</b>	<p>The acquisition process is determined as follows:</p> <ul style="list-style-type: none"> <li>- Property cash purchase price: SAR 50,000,000</li> <li>- Property in-kind purchase price (in the form of Units in “Alkhabeer REIT Fund”): SAR 40,000,000, to be paid by registering investment units in the Fund as per the instructions of the Financier (Banque Saudi Fransi) in this respect</li> </ul>
<b>Investment Units Trading Lock-up Period in Return for the In-kind Share</b>	One year as from the date of commencement of Fund trading

Details of the Property Lease	
<b>Number of Property Lessees</b>	One Lessee, namely “Nadd Arabia Real Estate Marketing Company”, by virtue of a lease and operation contract for the entire Property. The Lessee in return will re-lease the Property’s real estate units to a number of lessees
<b>Current Occupancy Rate</b>	100%
<b>Total Annual Rental Value</b>	<p>SAR 9,000,000, to be paid semi-annually in advance, with a rent escalation of 5% every five years of the rental period as follows:</p> <ul style="list-style-type: none"> <li>- SAR 9,000,000 for the first year up to the fifth year</li> </ul>



	<ul style="list-style-type: none"> <li>- SAR 9,450,000 for the sixth year up to the tenth year</li> <li>- SAR 9,922,500 for the eleventh year up to the fifteenth year</li> </ul>		
<b>Net Annual Rental Value For the First Year (Less the Operating Expenses)</b>	SAR 8,950,000		
<b>Total Return*</b>	10.00%		
<b>Net Return*</b>	9.94%		
<b>Annual Rent for the Last Three Years</b>	<b>Year</b>	<b>Gross Income</b>	<b>Occupancy Rate</b>
	<b>2015</b>	SAR 2,646,000	64%
	<b>2016</b>	SAR 5,699,950	70%
	<b>2017</b>	SAR 7,047,105	80%
<b>Lease/Leases Start and End Dates</b>	15 mandatory years, starting as from the date of transfer of title of the Property to the Custodian of the Fund		
<b>Payment Method</b>	The Lessee shall settle the due and payable rental value in two advance equal instalments every six Hijri months, starting as from the effective date of the contract, by transferring the rental value to the account of the company holding the assets of the Fund		
<b>Conditions for Cancellation of the Lease Contract</b>	<ul style="list-style-type: none"> <li>- The Fund is entitled to rescind the contract and release itself therefrom, if the Lessee is in breach of one of its obligations contained in the lease contract. In the event the Fund chooses to rescind to the contract, the Fund may keep all the guarantees provided by the Lessee, until all the entitlements contained in the lease contract are settled</li> <li>- Upon contract rescission, the Lessee shall notify all the lessees at the Property of its contract rescission, and shall transfer all the valid contracts to the company holding the assets of the Fund. Rescission of the contract by the Fund does not prevent from recourse against the Lessee for compensation for any damage caused by its action which necessitated the rescission</li> </ul>		
<b>Guarantees</b>	30 promissory notes, covering the rental value for the mandatory period of fifteen years, were obtained immediately after signing the lease contract		

\* Return at the Property level (before calculating the Fund's fees and expenses)



Details of the Property Management Contract	
<b>Property Manager</b>	The Lessee is responsible for the management of the properties
<b>Property Management Fees</b>	<ul style="list-style-type: none"> <li>- The Lessee is responsible for the management, operational maintenance and operation of the Property</li> <li>- Insurance costs: A budget of SAR 50,000 annually was allocated to pay any costs related to providing an insurance coverage in respect of the Property. In the event this budget is not disbursed, or if a part thereof is disbursed, the budget surplus will be treated as a Fund asset</li> </ul>
<b>Tasks</b>	All services related to the operation, marketing, management, maintenance (operational) and insurance (operational) of the Property

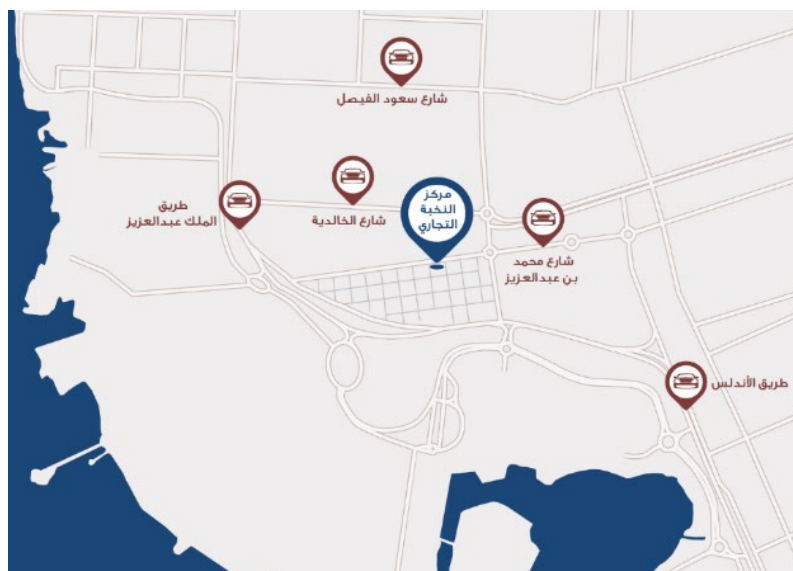
Declarations and Disclosures	
<b>Fund Manager's Declaration</b>	<ul style="list-style-type: none"> <li>- The title deed of the Property is pledged with Banque Saudi Fransi against bank financing facilities. An arrangement was made with the Financier to repay the financing amount of SAR 50,000,000, and thereafter remove the mortgage and transfer title of the Property to the Custodian of the Fund</li> <li>- The Fund Manager declares that there is a direct conflict of interest with the Lessee of BIN II Plaza, the returns of which constitute 10% or more of the Fund's annual rental returns, since the lease contract signed with Nadd Arabia Real Estate Marketing Company is considered to be a contract with a related party. Nadd Arabia Real Estate Marketing Company is owned by Bin Holding Company Ltd. (67%) and Abdullah Saleh bin Laden (33%) who is a first degree relative of the initial owner of the Property (Mr. Saleh bin Mohammed Awad bin Laden)</li> <li>- The Fund Manager declares that there is a relation with a related party, where Sakan Real Estate Financing Company (the seller of the Property) is considered to be a related party since it owns 21.00% of the Fund's Units. The Fund Manager also declares that there is a potential direct conflict of interest with the initial owner of the Property, since this owner may own more than 5% of the total Units of the Fund based on the arrangement between the initial owner of the Property and the Financier (Banque Saudi Fransi)</li> <li>- The Fund Manager declares that there is no direct or</li> </ul>



	<p>indirect conflict of interest with the Fund Manager</p> <ul style="list-style-type: none"> <li>- The Fund Manager declares that the Property is free and clear of any regulatory violations which may impede the use or operation of the Property. The Fund Manager also declares that the Property is in a good technical condition and free of any key architectural faults or defects which may impede the use or operation of the building, or which may result in incurring costly main reforms and changes</li> </ul>
<b>Disclosure</b>	<ul style="list-style-type: none"> <li>- Whereas the Property's Construction Completion Certificate is not issued yet, the seller of the Property undertakes to endeavour to obtain the Construction Completion Certificate within 12 months as of the date of the Fund's inception. In the event the seller is unable to do so, the seller shall be held responsible for any damage resulting from not obtaining such Certificate</li> <li>- Bin Holding Company Ltd. is owned by each of the following: Maha bint Abdullah bin Mohamad Al Dabbagh (51%), Mohammed bin Saleh bin Mohammed bin Laden (31.5%), Abdullah bin Saleh bin Mohammed bin Laden (5%), Ghaith bin Saleh bin Mohammed bin Laden (5%), Mariam bint Saleh bin Mohammed bin Laden (2.5%), Azza bint Saleh bin Mohammed bin Laden (2.5%) and Al Batoul bint Saleh bin Mohammed bin Laden (2.5%); all of whom are first degree relatives of the initial owner of the Property</li> </ul>



### Seventh Property: Elite Commercial Center



Property Overview	
Property Location	Al Andalus District, Prince Mohammed Bin Abdulaziz Street, City of Jeddah
Location Coordinates	<a href="#">21°32'50.86"N 39° 8'22.36"E</a>
Use	Retail / Office
Type of Property Ownership	Freehold
Property Description	Office Commercial Center
Property Components	6 commercial outlets, 7 leasable areas in the mezzanine and 45 offices
Number of Floors	5 floors and a mezzanine
Property Facilities	Outdoor car parking spaces and underground car parking spaces in the basement
Land Area	4,320 m <sup>2</sup>
Total Built-Up Area	15,712 m <sup>2</sup>
Gross Leasable Area	13,220 m <sup>2</sup>
Property Age	5 years
Date of Issue of the	18/10/1430, corresponding to 07/10/2009



<b>Building Permit</b>			
<b>Date of Property Operation</b>	02/03/1435, corresponding to 03/01/2014		
<b>Title Deeds Data</b>	<b>Deed No.</b>	<b>Date of Issue</b>	<b>Area</b>
	320205013599	27/06/1435	4,319.75 m <sup>2</sup>
	<b>Deed Issuer:</b> First Notary Public of Jeddah		

Details of the Property Lease			
<b>Number of Property Lessees</b>	One Lessee, namely "Nadd Arabia Real Estate Marketing Company", by virtue of a lease and operation contract for the entire Property. The Lessee in return will re-lease the Property's real estate units to a number of lessees		
<b>Current Occupancy Rate</b>	100%		
<b>Total Annual Rental Value</b>	<p>SAR 16,000,000, to be paid semi-annually in advance, with a rent escalation of 5% every five years of the rental period as follows:</p> <ul style="list-style-type: none"> <li>- SAR 16,000,000 for the first year up to the fifth year</li> <li>- SAR 16,800,000 for the sixth year up to the tenth year</li> <li>- SAR 17,640,000 for the eleventh year up to the fifteenth year</li> </ul>		
<b>Net Annual Rental Value For the First Year (Less the Operating Expenses)</b>	SAR 15,910,000		
<b>Total Return*</b>	10.00%		
<b>Net Return*</b>	9.94%		
<b>Annual Rent for the Last Three Years</b>	<b>Year</b>	<b>Gross Income</b>	<b>Occupancy Rate</b>
	2015	SAR 13,434,045	89%
	2016	SAR 15,038,045	98%
	2017	SAR 14,285,000	91%
<b>Lease/Leases Start and End Dates</b>	15 mandatory years, starting as from the date of transfer of title of the Property to the Custodian of the Fund		
<b>Payment Method</b>	The Lessee shall settle the due and payable rental value in two advance equal instalments every six Hijri months, starting as from the effective date of the contract, by transferring the rental value to the account of the company holding the assets of the Fund		
<b>Conditions for Cancellation of the Lease Contract</b>	<ul style="list-style-type: none"> <li>- The Fund is entitled to rescind the contract and release itself therefrom, if the Lessee is in breach of one of its obligations contained in the lease contract. In the event the Fund chooses to rescind to the contract, the Fund</li> </ul>		



	<p>may keep all the guarantees provided by the Lessee, until all the entitlements contained in the lease contract are settled</p> <ul style="list-style-type: none"> <li>- Upon contract rescission, the Lessee shall notify all the lessees at the Property of its contract rescission, and shall transfer all the valid contracts to the company holding the assets of the Fund. Rescission of the contract by the Fund does not prevent from recourse against the Lessee for compensation for any damage caused by its action which necessitated the rescission</li> </ul>
<b>Guarantees</b>	30 promissory notes, covering the rental value for the mandatory period of fifteen years, were obtained

\* Return at the Property level (before calculating the Fund's fees and expenses)

Details of the Property Management Contract	
<b>Property Manager</b>	The Lessee is responsible for the management of the properties
<b>Property Management Fees</b>	<ul style="list-style-type: none"> <li>- The Lessee is responsible for the management, operational maintenance and operation of the Property</li> <li>- Insurance costs: A budget of SAR 90,000 annually was allocated to pay any costs related to providing an insurance coverage in respect of the Property. In the event this budget is not disbursed, or if a part thereof is disbursed, the budget surplus will be treated as a Fund asset</li> </ul>
<b>Tasks</b>	All services related to the operation, marketing, management, maintenance (operational) and insurance (operational) of the Property

Declarations and Disclosures	
<b>Fund Manager's Declaration</b>	<ul style="list-style-type: none"> <li>- The title deed of the Property is pledged with Banque Saudi Fransi against bank financing facilities. An arrangement was made with the Financier to repay the financing amount of SAR 60,500,000, and thereafter remove the mortgage and transfer title of the Property to the Custodian of the Fund</li> <li>- The Fund Manager declares that there is a direct conflict of interest with the Lessee of Elite Commercial Center, the returns of which constitute 10% or more of the Fund's annual rental returns, since the lease contract signed with Nadd Arabia Real Estate Marketing Company is considered to be a contract with a related party. Nadd Arabia Real Estate Marketing Company is owned by Bin Holding Company Ltd. (67%) and Abdullah Saleh bin</li> </ul>





	<p>Laden (33%) who is a first degree relative of the initial owner of the Property</p> <ul style="list-style-type: none"> <li>- The Fund Manager declares that there is a relation with a related party, where Sakan Real Estate Financing Company (the seller of the Property) is considered to be a related party since it owns 21.00% of the Fund's Units. The Fund Manager also declares that there is a potential direct conflict of interest with the initial owner of the Property (Mr. Saleh bin Mohammed Awad bin Laden), since this owner may own more than 5% of the total Units of the Fund based on the arrangement between the initial owner of the Property and the Financier (Banque Saudi Fransi)</li> <li>- The Fund Manager declares that there is no direct or indirect conflict of interest with the Fund Manager</li> <li>- The Fund Manager declares that the Property is free and clear of any regulatory violations which may impede the use or operation of the Property. The Fund Manager also declares that the Property is in a good technical condition and free of any key architectural faults or defects which may impede the use or operation of the building, or which may result in incurring costly main reforms and changes</li> </ul>
<b>Disclosure</b>	<ul style="list-style-type: none"> <li>- Whereas the Property's Construction Completion Certificate is not issued yet, the seller of the Property undertakes to endeavour to obtain the Construction Completion Certificate within 12 months as of the date of the Fund's inception. In the event the seller is unable to do so, the seller shall be held responsible for any damage resulting from not obtaining such Certificate</li> <li>- Bin Holding Company Ltd. is owned by each of the following: Maha bint Abdullah bin Mohamad Al Dabbagh (51%), Mohammed bin Saleh bin Mohammed bin Laden (31.5%), Abdullah bin Saleh bin Mohammed bin Laden (5%), Ghaith bin Saleh bin Mohammed bin Laden (5%), Mariam bint Saleh bin Mohammed bin Laden (2.5%), Azza bint Saleh bin Mohammed bin Laden (2.5%) and Al Batoul bint Saleh bin Mohammed bin Laden (2.5%); all of whom are first degree relatives of the initial owner of the Property</li> </ul>



## II: Description of the First Additional Real Estate Assets (As at 1 January 2020)

### Eighth Property: Elegance Tower



Property Overview	
Property Location	Morooj District, King Fahad Street, Riyadh
Location Coordinates	24°45'28.64"N 46°39'3.72"E"
Use	Office
Type of Property Ownership	Freehold
Property Description	Office Tower
Property Components	Offices
Number of Floors	27 Floors + a 5-storey car parking with 720 parking spaces
Property Facilities	Car parking spaces, a restaurant, a swimming pool, a health club and a helipad



<b>Land Area</b>	5,695 m <sup>2</sup>		
<b>Total Built-Up Area</b>	58,278.7 m <sup>2</sup>		
<b>Property Age</b>	2.5 years		
<b>Date of Completion of Construction</b>	08/12/1438 (as per the Construction Completion Certificate)		
<b>Date of Property Operation</b>	The Property is expected to become operational in Q2 2020		
<b>Title Deeds Data</b>	<b>Deed No.</b>	<b>Date of Issue</b>	<b>Area</b>
	314004007535	20/05/1441	5,695 m <sup>2</sup>
	<b>Deed Issuer:</b> First Notary Public of Riyadh		

Property Acquisition Agreement	
<b>Current Property Owner (As per the Title Deed)</b>	The Property is pledged with the Saudi British Bank by way of transfer of title in favour of Al Saedan Real Estate Company (the initial owner of the Property), against banking facilities provided for the initial owner of the Property
<b>“Property Purchase Cost” “Acquisition Value (Excluding the Brokerage Fees and the Value Added Tax)”**</b>	SAR 414,000,000
<b>Acquisition Value (Including the Brokerage Fees, but Excluding the Value Added Tax)</b>	SAR 424,350,000
<b>Transaction Details</b>	<p>The acquisition process is determined as follows:</p> <ul style="list-style-type: none"> <li>- Property cash purchase price: SAR 260,000,000, to be paid by depositing it in the account of Al Saedan Real Estate Company (the initial owner of the Property) with the Financier (the Saudi British Bank)</li> <li>- Property in-kind purchase price (in the form of Units in “Alkhabeer REIT Fund”): SAR 154,000,000, to be paid by registering investment units in the Fund in the name of Al Saedan Real Estate Company</li> </ul>
<b>Investment Units Trading Lock-up Period in Return for the In-kind Share</b>	A lock-up period regarding the trading of the Units registered in the name of Al Saedan Real Estate Company in return for the in-kind share, will be imposed for one year as from the date of commencement of trading of the relevant Fund Units, since the number of Units subscribed for in-kind is equal to, or exceeds, 5% of the total number of Fund Units



Details of the Property Lease	
<b>Number of Property Lessees**</b>	One Lessee, namely "Al Saedan Real Estate Company", by virtue of a lease and operation contract for the entire Property. The Property is fully sub-leased to the Ministry of Transport
<b>Current Occupancy Rate</b>	100%
<b>Total Annual Rental Value</b>	SAR 30,000,000
<b>Net Annual Rental Value For the First Year (Less the Insurance Costs)</b>	SAR 29,793,000 (the sub-lessee is responsible for the management of the properties)
<b>Total Return*</b>	7.07%
<b>Net Return*</b>	7.02%
<b>Lease/Leases Start and End Dates</b>	5 mandatory years, starting as from the date of transfer of title of the Property to the company holding the assets of the Fund, renewable subject to obtaining the prior written approval of both parties
<b>Payment Method</b>	The Lessee shall settle the due and payable rental value annually, starting as from the effective date of the contract, by transferring the rental value to the account of the company holding the assets of the Fund
<b>Conditions for Cancellation of the Lease Contract</b>	<ul style="list-style-type: none"> <li>- The Fund is entitled to rescind the contract and release itself therefrom, if the Lessee is in breach of one of its obligations contained in the lease contract. In the event the Fund chooses to rescind to the contract, the Fund may keep all the guarantees provided by the Lessee, until all the entitlements contained in the lease contract are settled</li> <li>- Upon contract rescission, the Lessee shall notify all the lessees at the Property of its contract rescission, and shall transfer all the valid contracts to the company holding the assets of the Fund. Rescission of the contract by the Fund does not prevent from recourse against the Lessee for compensation for any damage caused by its action which necessitated the rescission</li> </ul>
<b>Guarantees</b>	10 promissory notes, covering the rental value for the mandatory period of 5 years, were obtained from Al Saedan Real Estate Company

\* Return at the Property level (before calculating the Fund's fees and expenses)

\*\*The Property is fully sub-leased



Details of the Property Management Contract	
<b>Property Manager</b>	The Main Lessee will be responsible for the management of the Property
<b>Property Management Fees</b>	- The Lessee is responsible for the management and operational maintenance of the Property
<b>Tasks</b>	- The Property's lease contract includes the Lessee's full responsibility for the payment of any costs related to the operation, operational maintenance, guarding, cleaning and management of the Property, including all the government services and expenses, net of any levies or taxes. This is without bearing any responsibility by the Fund for any additional costs in relation to the operational maintenance
<b>Insurance Costs</b>	- The Fund will bear the Property's insurance costs. A budget of SAR 207,000 annually was allocated to pay any costs related to providing an insurance coverage in respect of the Property. In the event this budget is not disbursed, or if a part thereof is disbursed, the budget surplus will be treated as a Fund asset

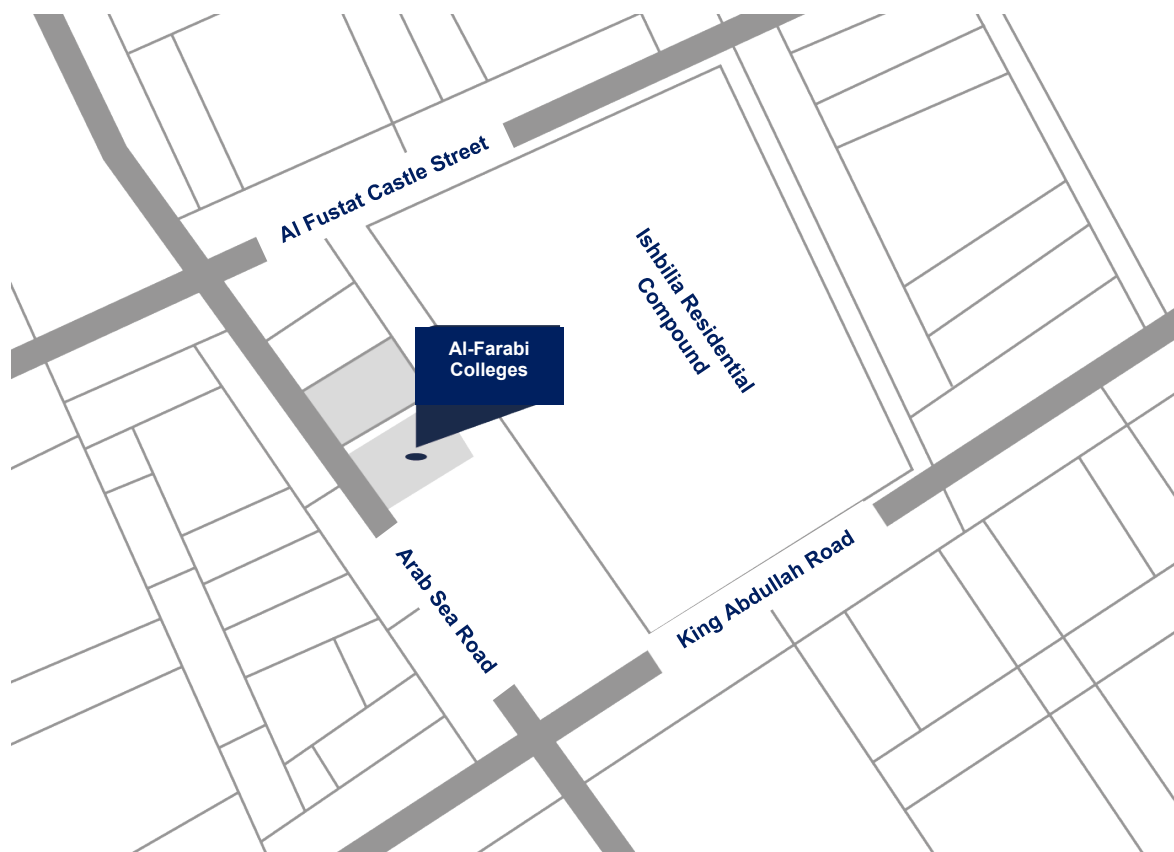
Declarations and Disclosures	
<b>Fund Manager's Declaration</b>	<ul style="list-style-type: none"> <li>- The title deed of the Property is pledged with the Saudi British Bank against bank financing facilities provided for Al Saedan Real Estate Company. Al Saedan Real Estate Company will make an arrangement with the Financier to repay the financing amount, and thereafter remove the mortgage and transfer title of the Property to the company holding the assets of the Fund</li> <li>- The Fund Manager declares that there is a relation with a related party, since the lease contract signed with Al Saedan Real Estate Company (a seller / Lessee) is considered to be a contract with a related party, where this owner will hold more than 5% of the total Fund Units</li> <li>- The Fund Manager declares that there is a direct conflict of interest with the Lessee of Elegance Tower, the returns of which constitute 10% or more of the Fund's annual rental returns, since the lease contract signed with Al Saedan Real Estate Company is considered to be a contract with a related party</li> <li>- The Fund Manager declares that there is no direct or indirect conflict of interest with the Fund Manager</li> <li>- The Fund Manager declares that the Property is free and clear of any regulatory violations which may impede the</li> </ul>



	use or operation of the Property. The Fund Manager also declares that the Property is in a good technical condition and free of any key architectural faults or defects which may impede the use or operation of the building, or which may result in incurring costly main reforms and changes
<b>Disclosure</b>	- Whereas the building was sub-leased to the Main Lessee in 2020, no historical data on the Property's previous rental income could be obtained



### Ninth Property: Al-Farabi Colleges



Property Overview	
Property Location	Ishbilia Street, Arab Sea Road, Riyadh
Location Coordinates	46,802286, 24,792072
Use	Education
Type of Property Ownership	Freehold
Property Description	Education Colleges
Property Components	93 offices, 67 classrooms and 26 laboratories
Number of Floors	(Five floors), two basements, a ground floor and two floors, in addition to a 352-car parking lot
Property Facilities	A rest area, a cafeteria and a prayer room
Land Area	17,046 m <sup>2</sup>



<b>Total Built-Up Area</b>	44,113.61 m <sup>2</sup>		
<b>Property Age</b>	9 years		
<b>Date of Completion of Construction (As per the Construction Completion Certificate)</b>	26/01/1437H		
<b>Date of Property Operation</b>	25/11/1431H		
<b>Title Deeds Data</b>	<b>Deed No.</b>	<b>Date of Issue</b>	<b>Area</b>
	310114045141	07/06/1440	17,046 m <sup>2</sup>
	<b>Deed Issuer:</b> First Notary Public of Riyadh		

<b>Property Acquisition Agreement</b>	
<b>Current Property Owner (As per the Title Deed)</b>	Al Maqsad Real Estate Company
<b>“Property Purchase Cost” “Acquisition Value (Excluding the Brokerage Fees and the Value Added Tax)”*</b>	SAR 210,000,000
<b>Acquisition Value (Including the Brokerage Fees, but Excluding the Value Added Tax)</b>	SAR 215,250,000
<b>Transaction Details</b>	<p>The acquisition process is determined as follows:</p> <ul style="list-style-type: none"> <li>- Property cash purchase price: SAR 105,000,000</li> <li>- Property in-kind purchase price (in the form of Units in “Alkhabeer REIT Fund”): SAR 105,000,000, to be paid by registering investment units in the Fund in the name of Al Maqsad Real Estate Company</li> </ul>
<b>Investment Units Trading Lock-up Period in Return for the In-kind Share</b>	A lock-up period regarding the trading of the Units registered in the name of Al Maqsad Real Estate Company in return for the in-kind share, will be imposed for one year as from the date of commencement of trading of the relevant Fund Units, since the number of Units subscribed for in-kind is equal to, or exceeds, 5% of the total number of Fund Units





Details of the Property Lease	
<b>Number of Property Lessees**</b>	One Lessee, namely the "Vision Colleges Company for Education (formerly Al-Farabi Colleges Company for Education, where the name of the Company was changed)", by virtue of a lease and operation contract for the entire Property
<b>Current Occupancy Rate</b>	100%
<b>Total Annual Rental Value</b>	SAR 16,000,000
<b>Rental Escalation Rate</b>	A rental escalation rate of 5% of the rental value for every five years
<b>Net Annual Rental Value For the First Year (Less the Insurance Costs)</b>	SAR 15,895,000 (the Lessee is responsible for the management of the properties)
<b>Total Return*</b>	7.43%
<b>Net Return*</b>	7.38%
<b>Lease/Leases Start and End Dates</b>	25 binding Gregorian years, starting as from the day following the date of transfer of title, renewable subject to obtaining the prior written approval of both parties, and provided that a notice of the intention to renew is served – at least – one year prior to the expiration of the original term. The Lessor is entitled to respond by acceptance or rejection within a period of three months after the date of receipt of the renewal request
<b>Payment Method</b>	The Lessee shall settle the due and payable rental value semi-annually, starting as from the effective date of the contract, by transferring the rental value to the account of the company holding the assets of the Fund
<b>Conditions for Cancellation of the Lease Contract</b>	<ul style="list-style-type: none"> <li>- The Fund is entitled to rescind the contract and release itself therefrom, if the Lessee is in breach of one of its obligations contained in the lease contract. In the event the Fund chooses to rescind to the contract, the Fund may keep all the guarantees provided by the Lessee, until all the entitlements contained in the lease contract are settled</li> <li>- Rescission of the contract by the Fund Manager does not prevent from recourse against the Lessee for compensation for any damage caused by its action which necessitated the rescission, as well as for any other monetary entitlements arising from this contract</li> </ul>
<b>Guarantees</b>	49 promissory notes, covering the rental value for 24.5 lease



	years, were obtained from the Vision Colleges Company for Education (formerly Al-Farabi Colleges Company for Education, where the name of the Company was changed). The rental value for the first six months will be deducted out of the acquisition value
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\* Return at the Property level (before calculating the Fund's fees and expenses)

Details of the Property Management Contract	
<b>Property Manager</b>	The Lessee will be responsible for the management of the Property
<b>Property Management Fees</b>	- The Lessee is responsible for the management and operational maintenance of the Property
<b>Tasks</b>	- The Property's lease contract includes the Lessee's full responsibility for the payment of any costs related to the operation, operational maintenance, guarding, cleaning and management of the Property, including all the government services and expenses, net of any levies or taxes. This is without bearing any responsibility by the Fund for any additional costs in relation to the operational maintenance
<b>Insurance Costs</b>	- The Fund will bear the Property's insurance costs. A budget of SAR 105,000 annually was allocated to pay any costs related to providing an insurance coverage in respect of the Property. In the event this budget is not disbursed, or if a part thereof is disbursed, the budget surplus will be treated as a Fund asset

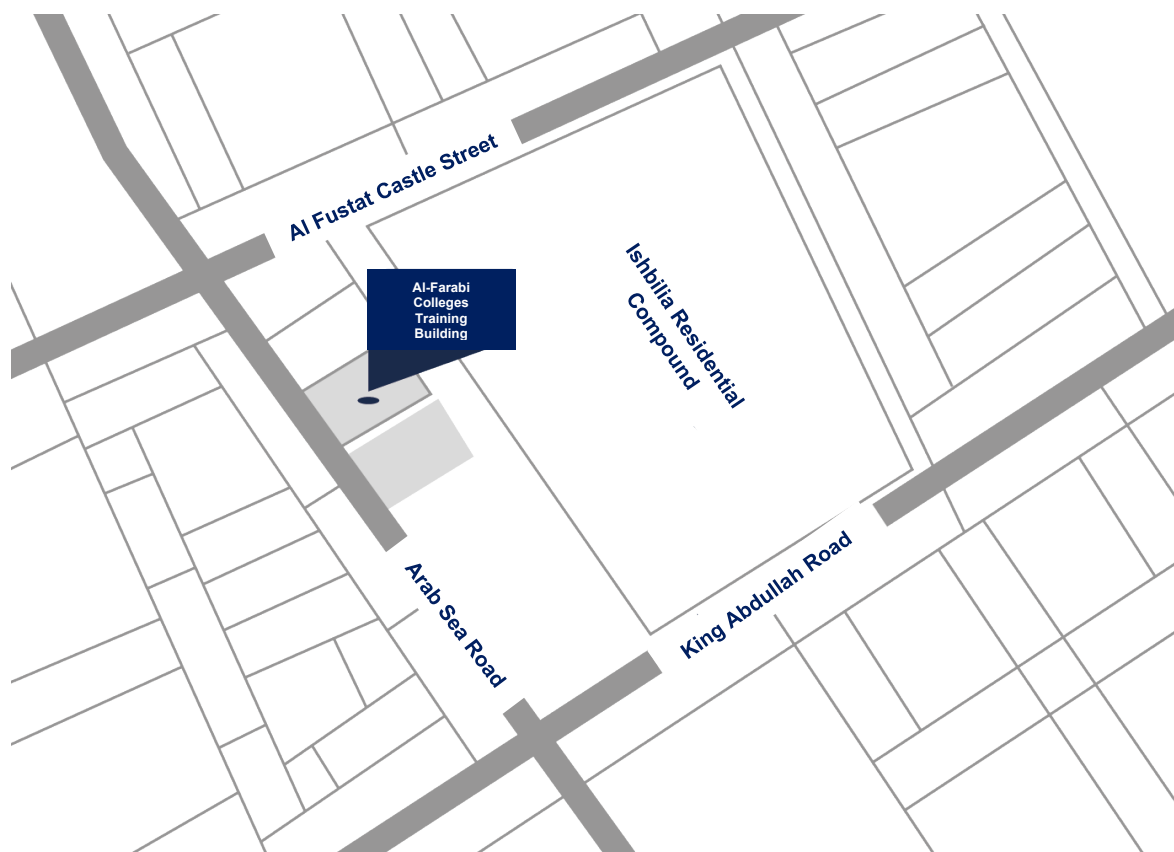
Declarations and Disclosures	
<b>Fund Manager's Declaration</b>	<ul style="list-style-type: none"> <li>- The Fund Manager declares that there is a relation with a related party, since the lease contract signed with the Vision Colleges Company for Education (a Lessee) is considered to be a contract with a related party, where Mr. Othman Abdulaziz Othman Al Zouman owns a controlling interest in the Vision Colleges Company for Education, and is also in return the owner of Al Maqsad Real Estate Company (a seller) who holds more than 5% of the total Fund Units</li> <li>- The Fund Manager declares that there is a direct conflict of interest with the Lessee of Al-Farabi Colleges, the returns of which constitute 10% or more of the Fund's annual rental returns, since the lease contract signed with the Vision Colleges Company for Education is considered to be a contract with a related party</li> <li>- The Fund Manager declares that there is no direct or</li> </ul>



	<p>indirect conflict of interest with the Fund Manager</p> <ul style="list-style-type: none"> <li>- The Fund Manager declares that the Property is free and clear of any regulatory violations which may impede the use or operation of the Property. The Fund Manager also declares that the Property is in a good technical condition and free of any key architectural faults or defects which may impede the use or operation of the building, or which may result in incurring costly main reforms and changes</li> </ul>
<b>Disclosure</b>	<ul style="list-style-type: none"> <li>- No historical rent data prior to 2020 could be obtained, given that the Property was not previously leased, as Mr. Othman Abdulaziz Othman Al Zouman owns a controlling interest of (98.90%) in the Vision Colleges Company for Education (the Lessee), and is also in return the owner of Al Maqsad Real Estate Company (a seller)</li> </ul>



### Tenth Property: Al-Farabi Colleges Training Building



Property Overview	
Property Location	Ishbilia Street, Arab Sea Road, Riyadh
Location Coordinates	46,801256, 24,792526
Use	Education
Type of Property Ownership	Freehold
Property Description	Training building for education colleges
Property Components	In the process of completing the development works in order for the building to be allocated for the training clinics
Number of Floors	4 floors (a basement, a ground floor and two Floors)
Land Area	11,340 m <sup>2</sup>
Total Built-Up Area	48,770.76 m <sup>2</sup> One of the basement floors permitted as per the Building



	Permit, with a total omitted floor area of 11,322 m <sup>2</sup> , was not developed. As such, the area becomes, after the omission of the unconstructed floor, 37,448.76 m <sup>2</sup>		
<b>Property Age</b>	Under development		
<b>Date of Issue of the Building Permit</b>	10/11/1434		
<b>Date of Property Operation</b>	The Property is under development. It is expected to become operational in Q3 2021		
<b>Title Deeds Data</b>	<b>Deed No.</b>	<b>Date of Issue</b>	<b>Area</b>
	810125029659	23/06/1441	11,340 m <sup>2</sup>
	<b>Deed Issuer:</b> First Notary Public of Riyadh		

Property Acquisition Agreement	
<b>Current Property Owner (As per the Title Deed)</b>	Al Maqsad Real Estate Company
<b>“Property Purchase Cost” “Acquisition Value (Excluding the Brokerage Fees and the Value Added Tax)”*</b>	SAR 65,000,000
<b>Acquisition Value (Including the Brokerage Fees, but Excluding the Value Added Tax)</b>	SAR 66,625,000
<b>Transaction Details</b>	<p>The acquisition process is determined as follows:</p> <ul style="list-style-type: none"> <li>- Property cash purchase price: SAR 32,500,000</li> <li>- Property in-kind purchase price (in the form of Units in “Alkhabeer REIT Fund”): SAR 32,500,000, to be paid by registering investment units in the Fund in the name of Al Maqsad Real Estate Company</li> </ul>
<b>Investment Units Trading Lock-up Period in Return for the In-kind Share</b>	A lock-up period regarding the trading of the Units registered in the name of Al Maqsad Real Estate Company in return for the in-kind share, will be imposed for one year as from the date of commencement of trading of the relevant Fund Units, since the number of Units subscribed for in-kind is equal to, or exceeds, 5% of the total number of Fund Units



Details of the Property Lease	
<b>Number of Property Lessees**</b>	One Lessee, namely the "Vision Colleges Company for Education (formerly Al-Farabi Colleges Company for Education, where the name of the Company was changed)", by virtue of a lease and operation contract for the entire Property
<b>Current Occupancy Rate</b>	100%
<b>Total Annual Rental Value</b>	SAR 6,500,000
<b>Rental Escalation Rate</b>	A rental escalation rate of 5% of the rental value for every five years
<b>Net Annual Rental Value For the First Year (Less the Insurance Costs)</b>	SAR 6,467,500 (the Lessee is responsible for the management of the properties)
<b>Total Return*</b>	9.76%
<b>Net Return*</b>	9.71%
<b>Lease/Leases Start and End Dates</b>	25 binding Gregorian years, starting as from the day following the date of transfer of title of the Property, renewable subject to obtaining the prior written approval of both parties, and provided that a notice of the intention to renew is served – at least – one year prior to the expiration of the original term. The Lessor is entitled to respond by acceptance or rejection within a period of three months after the date of receipt of the renewal request
<b>Payment Method</b>	The Lessee shall settle the due and payable rental value semi-annually, starting as from the effective date of the contract, by transferring the rental value to the account of the company holding the assets of the Fund
<b>Conditions for Cancellation of the Lease Contract</b>	<ul style="list-style-type: none"> <li>- The Fund is entitled to rescind the contract and release itself therefrom, if the Lessee is in breach of one of its obligations contained in the lease contract. In the event the Fund chooses to rescind to the contract, the Fund may keep all the guarantees provided by the Lessee, until all the entitlements contained in the lease contract are settled</li> <li>- Rescission of the contract by the Fund Manager does not prevent from recourse against the Lessee for compensation for any damage caused by its action which necessitated the rescission, as well as for any other monetary entitlements arising from this contract</li> </ul>



<b>Guarantees</b>	48 promissory notes, covering the rental value for 24 lease years, were obtained from the Vision Colleges Company for Education (formerly Al-Farabi Colleges Company for Education, where the name of the Company was changed). The rental value for the first year will be deducted out of the acquisition value
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\* Return at the Property level (before calculating the Fund's fees and expenses)

Details of the Property Management Contract	
<b>Property Manager</b>	The Lessee will be responsible for the management of the Property
<b>Property Management Fees</b>	- The Lessee is responsible for the management and operational maintenance of the Property
<b>Tasks</b>	<ul style="list-style-type: none"> <li>- The Property's lease contract includes the Lessee's full responsibility for the payment of any costs related to the operation, operational maintenance, guarding, cleaning and management of the Property, including all the government services and expenses, net of any levies or taxes. This is without bearing any responsibility by the Fund for any additional costs in relation to the operational maintenance</li> <li>- Insurance Costs: A budget of SAR 32,500 annually was allocated to pay any costs related to providing an insurance coverage in respect of the Property. In the event this budget is not disbursed, or if a part thereof is disbursed, the budget surplus will be treated as a Fund asset</li> </ul>
<b>Insurance Costs</b>	- The Fund will bear the Property's insurance costs. A budget of SAR 32,500 annually was allocated to pay any costs related to providing an insurance coverage in respect of the Property. In the event this budget is not disbursed, or if a part thereof is disbursed, the budget surplus will be treated as a Fund asset

Declarations and Disclosures	
<b>Fund Manager's Declaration</b>	- The Fund Manager declares that there is a relation with a related party, since the lease contract signed with the Vision Colleges Company for Education (a Lessee) is considered to be a contract with a related party, where Mr. Othman Abdulaziz Othman Al Zouman owns a controlling interest in the Vision Colleges Company for Education, and is also in return the owner of Al Maqsad Real Estate Company (a seller) who may hold more than

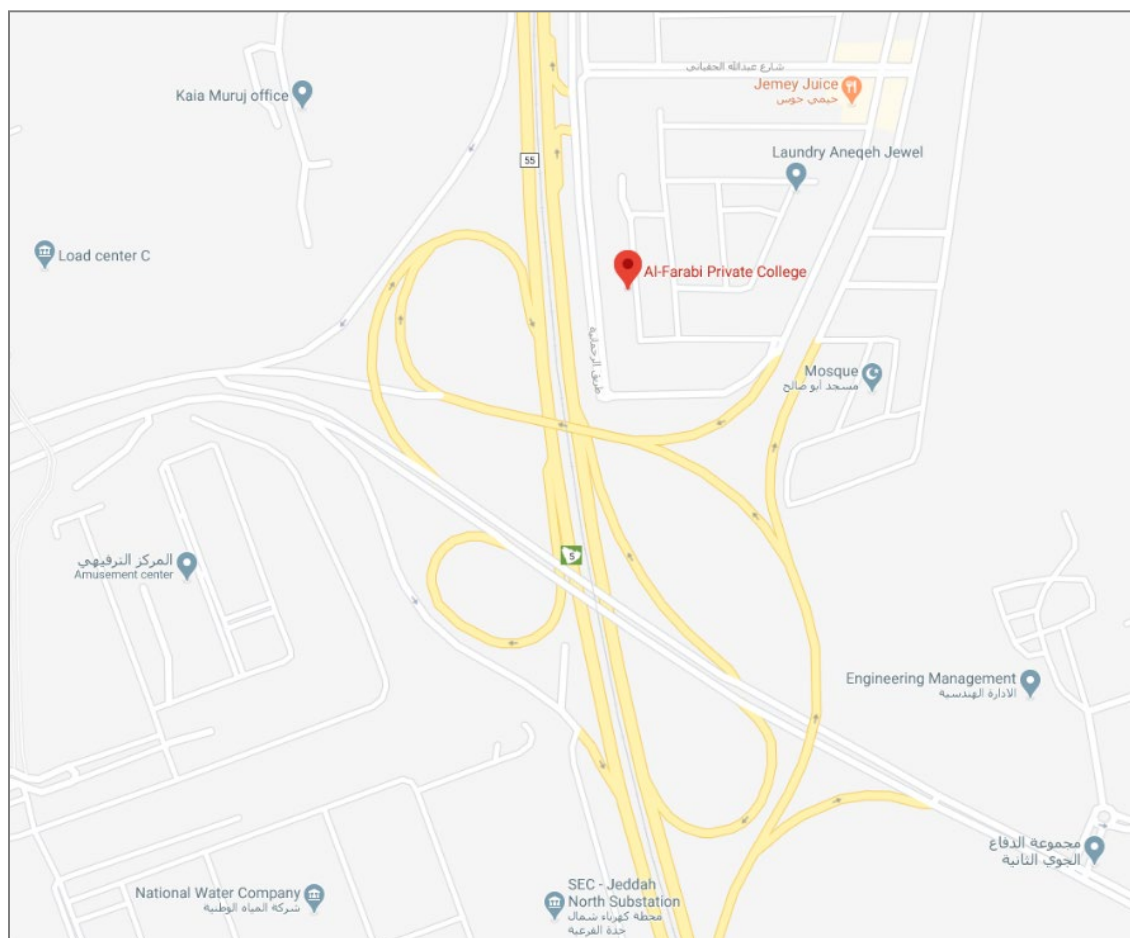


	<p>5% of the total Fund Units</p> <ul style="list-style-type: none"> <li>- The Fund Manager declares that there is a direct conflict of interest with the Lessee of Al-Farabi Colleges (2), since the Lessee "Vision Colleges Company for Education" is a lessee of two real estate properties with returns constituting 10% or more of the Fund's annual rental returns, in addition to the fact that the lease contract signed with the Vision Colleges Company for Education is considered to be a contract with a related party</li> <li>- The Fund Manager declares that there is no direct or indirect conflict of interest with the Fund Manager</li> <li>- The Fund Manager declares that the Property is free and clear of any regulatory violations which may impede the use or operation of the Property. The Fund Manager also declares that the Property is in a good technical condition and free of any key architectural faults or defects which may impede the use or operation of the building, or which may result in incurring costly main reforms and changes</li> </ul>
<b>Disclosure</b>	<ul style="list-style-type: none"> <li>- Whereas the Property's Construction Completion Certificate is not issued yet, given that the Property is under development, the seller of the Property undertakes to endeavour to obtain the Construction Completion Certificate within 24 Gregorian months as from the day following the date of transfer of title of the Property, which falls on the effective date of the lease contract. In the event the seller is unable to do so, the seller shall be held responsible for any damage resulting from not obtaining such Certificate</li> <li>- The seller of the Property undertakes to renew the current Building Permit within 12 Gregorian months as from the day following the date of transfer of title of the Property to the Fund. In the event the seller is unable to do so, the seller shall be held responsible for any damage resulting from not obtaining such Permit</li> </ul>



### III: Description of the Second Additional Real Estate Assets (As at November 2020)

#### Eleventh Property: Vision Colleges for Education - Jeddah



Property Overview	
Property Location	Al Rayyan Street, to the East of Al Haramain High Speed Railway, Jeddah
Location Coordinates	21°39'30.6"N 39°12'16.7"E
Use	Education
Type of Property Ownership	Freehold
Property Description	Education colleges
Property Components	A reception area + offices + clinics + laboratories + classrooms + 4 elevators



<b>Number of Floors</b>	13 floors + a basement + a ground floor		
<b>Property Facilities</b>	A rest area, a cafeteria, a prayer room and a sports hall		
<b>Land Area</b>	3,020.18 m <sup>2</sup>		
<b>Total Built-Up Area</b>	13,785 m <sup>2</sup>		
<b>Property Age</b>	8 years		
<b>Date of Completion of Construction (As per the Electric Current Certificate)</b>	01/06/1432		
<b>Date of Property Operation</b>	01/06/1432		
<b>Title Deeds Data</b>	<b>Deed No.</b>	<b>Date of Issue</b>	<b>Area</b>
	593715000116	22/03/1441	3,020.18 m <sup>2</sup>
	<b>Deed Issuer:</b> Muwathiq deeds - Ministry of Justice		

Property Acquisition Agreement	
<b>Current Property Owner (As per the Title Deed)</b>	Hamad Abdullah Abdulaziz Al Sora'i
<b>"Property Purchase Cost" "Acquisition Value (Excluding the Brokerage Fees and the Value Added Tax)"</b>	SAR 100,000,000
<b>Acquisition Value (Including the Brokerage Fees and the Real Estate Transaction Tax)</b>	SAR 107,500,000
<b>Transaction Details</b>	<p>The acquisition process is determined as follows:</p> <ul style="list-style-type: none"> <li>- Property cash acquisition value: SAR 17,500,000</li> <li>- In-kind acquisition value (in the form of Units in Alkhabeer REIT Fund): SAR 90,000,000, to be paid by registering investment units in the Fund in the name of Hamad Abdullah Abdulaziz Al Sora'i</li> </ul>
<b>Investment Units Trading Lock-up Period in Return for the In-kind Share</b>	A lock-up period regarding the trading of the Units registered in the name of Hamad Abdullah Abdulaziz Al Sora'i in return for the in-kind share, will be imposed for one year as from the date of commencement of trading of the relevant Fund Units, since the number of Units subscribed for in-kind exceeds 5% of the total number of Fund Units



Details of the Property Lease			
<b>Number of Property Lessees**</b>	One Lessee, namely the "Vision Colleges Company for Education", by virtue of a lease and operation contract for the entire Property		
<b>Current Occupancy Rate</b>	100%		
<b>Total Annual Rental Value</b>	SAR 7,500,000		
<b>Rental Escalation Rate</b>	A rental escalation rate of 5% of the rental value for every five years		
<b>Net Annual Rental Value For the First Year (Less the Insurance Costs)</b>	SAR 7,450,000 (the Lessee is responsible for the management of the properties, and the Fund is responsible for securing the insurance costs)		
<b>Total Return*</b>	6.98%		
<b>Net Return*</b>	6.93%		
<b>Annual Rent for the Last Three Years</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	SAR 7,500,000	SAR 7,500,000	SAR 7,500,000
<b>Lease/Leases Start and End Dates</b>	25 binding Gregorian years, starting as from the day following the date of transfer of title, renewable subject to obtaining the prior written approval of both parties, and provided that a notice of the intention to renew is served – at least – one year prior to the expiration of the original term. The Lessor is entitled to respond by acceptance or rejection within a period of three months after the date of receipt of the renewal request		
<b>Payment Method</b>	The Lessee shall settle the due and payable rental value semi-annually, starting as from the effective date of the contract, by transferring the rental value to the account of the company holding the assets of the Fund		
<b>Conditions for Cancellation of the Lease Contract</b>	<ul style="list-style-type: none"> <li>- The Fund is entitled to rescind the contract and release itself therefrom, if the Lessee is in breach of one of its obligations contained in the lease contract. In the event the Fund chooses to rescind to the contract, the Fund may keep all the guarantees provided by the Lessee, until all the entitlements contained in the lease contract are settled</li> <li>- Rescission of the contract by the Fund Manager does not prevent from recourse against the Lessee for compensation for any damage caused by its action which necessitated the rescission, as well as for any other monetary entitlements arising from this contract</li> </ul>		



<b>Guarantees</b>	49 promissory notes, each of them amounting to SAR 3.75 million, covering the rental value for 24.5 lease years, were obtained from the Vision Colleges Company for Education. The rental value for the first six months of the first lease year will be deducted out of the acquisition value
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\* Return at the Property level (before calculating the Fund's fees and expenses)

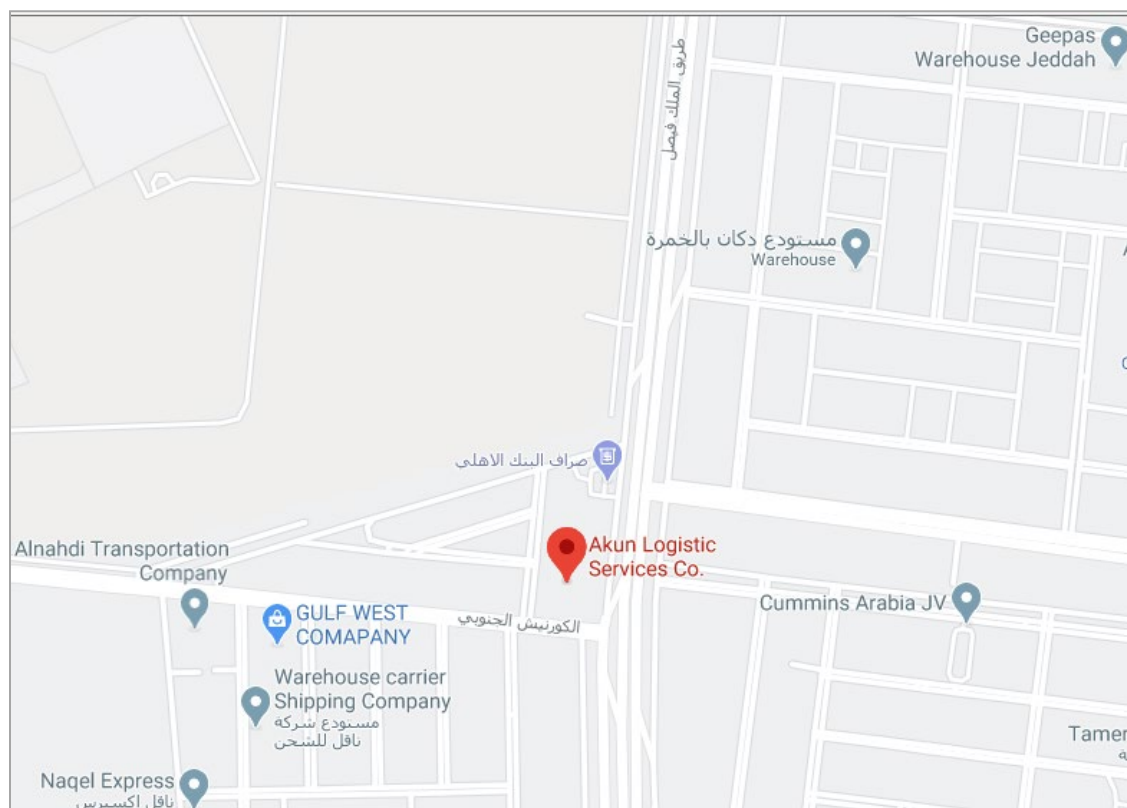
Details of the Property Management Contract	
<b>Property Manager</b>	The Lessee will be responsible for the management of the Property
<b>Property Management Fees</b>	- The Lessee is responsible for the management and operational maintenance of the Property
<b>Tasks</b>	- The Property's lease contract includes the Lessee's full responsibility for the payment of any costs related to the operation, operational maintenance, guarding, cleaning and management of the Property, including all the government services and expenses, net of any levies or taxes. This is without bearing any responsibility by the Fund for any additional costs in relation to the operational maintenance
<b>Insurance Costs</b>	- The Fund will bear the Property's insurance costs. A budget of SAR 50,000 annually was allocated to pay any costs related to providing an insurance coverage in respect of the Property. In the event this budget is not disbursed, or if a part thereof is disbursed, the budget surplus will be treated as a Fund asset

Declarations and Disclosures	
<b>Fund Manager's Declaration</b>	<ul style="list-style-type: none"> <li>- The Fund Manager declares that there is no direct or indirect conflict of interest with the Fund Manager</li> <li>- The Fund Manager declares that the Property is free and clear of any regulatory violations which may impede the use or operation of the Property, except if the Property has no legal certificates. The Fund Manager also declares that the Property is in a good technical condition and free of any key architectural faults or defects which may impede the use or operation of the building, or which may result in incurring costly main reforms and changes</li> </ul>
<b>Disclosure</b>	Whereas the requirement for obtaining a construction completion certificate is a recently introduced system which did not apply to the properties, such as the Vision Colleges Building in Jeddah, the electric current certificate issued by



	<p>the Directorate General of Civil Defence, which is considered the last requirement for operating the Property, was adopted. Moreover, as per the statement made by the Engineering Consultant, the Building is fit for use for the following reasons: (i) the Building is free and clear of any building violations given that the electric current at the Building was released, (ii) the Building is fit for operation as per the operation permit, (iii) all services are connected to the Building, whether electricity – water - and civil defence, and (iv) the Owner and the Lessee will sign an undertaking and declaration to obtain the legal certificates</p>
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## Twelfth Property: Akun Warehouses



Property Overview	
Property Location	King Faisal Road intersection with the Southern Corniche Street, District of King Faisal Naval Base
Location Coordinates	21°19'50.2"N 39°11'26.1"E
Use	Logistics services
Type of Property Ownership	Freehold
Property Description	Cold storage warehouses
Property Components	36 refrigerators (cold storage warehouses) and offices
Number of Floors	1 ground floor + a mezzanine
Property Facilities	The Property includes 14 loading spaces
Land Area	21,118.53 m <sup>2</sup>
Total Built-Up Area	12,888.83 m <sup>2</sup>



<b>Property Age</b>	4 years		
<b>Date of Completion of Construction ( )</b>	21/06/1437		
<b>Date of Property Operation</b>	11/07/1437		
<b>Title Deeds Data</b>	<b>Deed No.</b>	<b>Date of Issue</b>	<b>Area</b>
	720225003733	27/01/1437	21,118.53 m <sup>2</sup>
	320208033007	15/03/1442	m <sup>2</sup>
	<b>Deed Issuer:</b> First Notary Public of Jeddah		

<b>Property Acquisition Agreement</b>	
<b>Current Property Owner (As per the Title Deed)</b>	Majed bin Fahad bin Ayed Al Khammash (50%) and Fahad bin Majed bin Fahad Al Khammash (50%)
<b>Acquisition Value (Excluding the Brokerage Fees and the Real Estate Transaction Tax )*</b>	SAR 213,400,000
<b>Acquisition Value (Including the Brokerage Fees and the Real Estate Transaction Tax)*</b>	SAR 226,737,500
<b>Transaction Details</b>	<p>The acquisition process is determined as follows:</p> <ul style="list-style-type: none"> <li>- Property cash acquisition value: SAR 120,037,500</li> <li>- In-kind acquisition value (in the form of Units in Alkhabeer REIT Fund): SAR 106,700,000, 50% of which (i.e. SAR 53,350,000) to be paid by registering investment units in the Fund in the name of Majed bin Fahad bin Ayed Al Khammash, and the remaining 50% (i.e. SAR 53,350,000) to be paid by registering investment units in the Fund in the name of Fahad bin Majed bin Fahad Al Khammash</li> </ul>
<b>Investment Units Trading Lock-up Period in Return for the In-kind Share</b>	A lock-up period regarding the trading of the Units registered in the name of Majed bin Fahad bin Ayed Al Khammash and Fahad bin Majed bin Fahad Al Khammash in return for the in-kind share, will be imposed for one year as from the date of commencement of trading of the relevant Fund Units



Property Acquisition Agreement	
<b>Current Property Owner (As per the Title Deed)</b>	Majed bin Fahad bin Ayed Al Khammash (50%) and Fahad bin Majed bin Fahad Al Khammash (50%)
<b>“Property Purchase Cost” “Acquisition Value (Excluding the Brokerage Fees and the Value Added Tax)”*</b>	SAR 213,400,000
<b>Acquisition Value (Including the Brokerage Fees and the Real Estate Transaction Tax)*</b>	SAR 226,737,500
<b>Transaction Details</b>	<p>The acquisition process is determined as follows:</p> <ul style="list-style-type: none"> <li>- Property cash acquisition value: SAR 120,037,500</li> <li>- In-kind acquisition value (in the form of Units in Alkhabeer REIT Fund): SAR 106,700,000, 50% of which (i.e. SAR 53,350,000) to be paid by registering investment units in the Fund in the name of Majed bin Fahad bin Ayed Al Khammash, and the remaining 50% (i.e. SAR 53,350,000) to be paid by registering investment units in the Fund in the name of Fahad bin Majed bin Fahad Al Khammash</li> </ul>
<b>Investment Units Trading Lock-up Period in Return for the In-kind Share</b>	A lock-up period regarding the trading of the Units registered in the name of Majed bin Fahad bin Ayed Al Khammash and Fahad bin Majed bin Fahad Al Khammash in return for the in-kind share, will be imposed for one year as from the date of commencement of trading of the relevant Fund Units

\* The seller (the Property's current owner) will bear 1.25% of the 5% related to the real estate transaction tax

Details of the Property Lease	
<b>Number of Property Lessees**</b>	One Lessee, namely the “Akun Logistic Services Company”, by virtue of a lease and operation contract for the entire Property
<b>Current Occupancy Rate</b>	100%
<b>Total Annual Rental Value</b>	SAR 16,000,000





<b>Rental Escalation Rate</b>	A rental escalation rate of 5% of the rental value for every five years
<b>Net Annual Rental Value For the First Year (Less the Insurance Costs)</b>	SAR 15,893,333
<b>Total Return*</b>	7.06%
<b>Net Return*</b>	7.01%
<b>Annual Lease/Leases for the last 3 years</b>	There is no annual lease for the last three years whereas the lessee is itself the owner.
<b>Payment Method</b>	The Lessee shall settle the due and payable rental value semi-annually, starting as from the effective date of the contract, by transferring the rental value to the account of the company holding the assets of the Fund
<b>Conditions for Cancellation of the Lease Contract</b>	<ul style="list-style-type: none"> <li>- The Fund is entitled to rescind the contract and release itself therefrom, if the Lessee is in breach of one of its obligations contained in the lease contract. In the event the Fund chooses to rescind to the contract, the Fund may keep all the guarantees provided by the Lessee, until all the entitlements contained in the lease contract are settled</li> <li>- Rescission of the contract by the Fund Manager does not prevent from recourse against the Lessee for compensation for any damage caused by its action which necessitated the rescission, as well as for any other monetary entitlements arising from this contract</li> </ul>
<b>Guarantees</b>	8 promissory notes were made, each of them amounting to SAR 8 million, with a total sum of SAR 16 million per annum, and a total sum of SAR 64 million for a period of 4 years. The rental value for the first year will be deducted out of the acquisition value

\* Return at the Property level (before calculating the Fund's fees and expenses)

Details of the Property Management Contract	
<b>Property Manager</b>	The Lessee will be responsible for the management of the Property
<b>Property Management Fees</b>	<ul style="list-style-type: none"> <li>- The Lessee is responsible for the management and operational maintenance of the Property</li> </ul>
<b>Tasks</b>	<ul style="list-style-type: none"> <li>- The Property's lease contract includes the Lessee's full responsibility for the payment of any costs related to the operation, operational maintenance, guarding, cleaning and management of the Property, including all the</li> </ul>



	government services and expenses, net of any levies or taxes. This is without bearing any responsibility by the Fund for any additional costs in relation to the operational maintenance
<b>Insurance Costs</b>	<ul style="list-style-type: none"> <li>- The Fund will bear the Property's insurance costs. A budget of SAR 106,667 annually was allocated to pay any costs related to providing an insurance coverage in respect of the Property. In the event this budget is not disbursed, or if a part thereof is disbursed, the budget surplus will be treated as a Fund asset</li> </ul>

Declarations and Disclosures	
<b>Fund Manager's Declaration</b>	<ul style="list-style-type: none"> <li>- The Fund Manager declares that there is a relation with a related party, since the lease contract signed with Akun Logistic Services Company (a Lessee) is considered to be a contract with a related party, where Mr. Majed bin Fahad bin Ayed Al Khammash (who owns 50% of the Property, and as such will be holding a number of investment Units in the Fund) is the owner of Akun Logistic Services Company</li> <li>- The Fund Manager declares that there is a direct conflict of interest with the Lessee of Akun Warehouses, the returns of which constitute 10% or more of the Fund's annual rental returns, since the lease contract signed with Akun Logistic Services Company is considered to be a contract with a related party</li> <li>- The Fund Manager declares that there is no direct or indirect conflict of interest with the Fund Manager</li> <li>- The Fund Manager declares that the Property is free and clear of any regulatory violations which may impede the use or operation of the Property, except if the Property has no legal certificates. The Fund Manager also declares that the Property is in a good technical condition and free of any key architectural faults or defects which may impede the use or operation of the building, or which may result in incurring costly main reforms and changes</li> </ul>
<b>Disclosure</b>	No Construction Completion Certificate for the Property is obtained on the initial permit yet, and whereas the requirement for obtaining a construction completion certificate is a recently introduced system which did not apply to the properties, such as Akun Warehouses, the professional permit issued by the Municipality of Jeddah, as well as the updated Construction Completion Certificate issued by Uslub Consulting Office on 26/08/2020, were



	<p>adopted. This is in addition to adopting the statement made by the Engineering Consultant (Nabil Abbass Engineering Consulting Office), wherein stating that the Building is fit for use for the following reasons: (i) the Building is free and clear of any building violations given that the electric current at the Building was released, (ii) the Building is fit for operation as per the operation permit, (iii) all services are connected to the Building, whether electricity – water - and civil defence, and (iv) the Owner and the Lessee will sign an undertaking and declaration to obtain the legal certificates.</p> <p>The Property is owned by Majed bin Fahad bin Ayed Al Khammash (50%) and Fahad bin Majed bin Fahad Al Khammash (50%)</p>
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**(e) Policy resulting in investment concentration in real estate properties of a certain type or in a certain geography, including a statement describing the investment property(ies) title deed(S), where applicable.**

Subject to the limitations on investments as shown in the table below, there are no other limitations restricting the concentration or diversification of investment in a certain real estate asset(s) or geography(ies), or the percentage of such concentration/diversification of the total value of the Fund's assets. The investment concentration policies of the Fund are as follows:

Investment Type	Percentage Allocation
Income generating developed real estate assets in the Kingdom of Saudi Arabia (excluding Mecca and Medina)	Not less than 75% of the Fund's total asset value, up to 100% of the Fund's total asset value according to the last audited financial statements.
<ul style="list-style-type: none"> <li>Real estate development projects.</li> <li>Publicly offered REIT units listed on Saudi Tadawul and authorized by the CMA.</li> <li>Real estate investments outside the Kingdom of Saudi Arabia.</li> <li>Cash liquidity.</li> <li>Publicly offered money market funds authorized by the CMA.</li> <li>Murabaha transactions and short term Saudi Riyal deposits with banks licensed by the Saudi Central Bank operating in the Kingdom of Saudi Arabia*.</li> <li>Real estate companies listed on the Saudi capital markets and authorized by the CMA.</li> <li>Leasehold.</li> </ul>	Up to a maximum of 25% of the Fund's total asset value according to the last audited financial statements.
Investing in white lands.	Not permitted.



\* The rating of each Murabaha related party and the issuer with whom the Fund transacts business shall not be less than BAA1 by Moody's or an equivalent rating of BBB+ by either Fitch or Standard & Poor's.

Following are the details of the tile deeds of the real estate assets:

	Property Name	Title Deed Number	Title Deed Date
1	Almalqa Residential Compound	314002002198	14/09/1440
		814009006124	14/09/1440
		814009006125	14/09/1440
		614004005871	15/09/1440
2	Gallery Mall	Not applicable - leasehold	
3	Ahlan Court	920210027006	18/07/1440
4	Elite Center	520221011608	18/07/1440
5	BIN II Plaza	420210027007	18/07/1440
6	Palazzo Center	214002002200	14/09/1440
7	P & Q (formerly Home Works Center) The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.	214002002199	14/09/1440
		314009006126	14/09/1440
		314004005870	15/09/1440
8	Elegance Tower	393318001500	02/03/1442
9	Vision Colleges, Riyadh (formerly Al-Farabi Colleges)	498507005691	04/06/1442
10	Vision Colleges Training Center (formerly Al-Farabi)	598507008764	15/10/1442
11	Vision Colleges, Jeddah	993788002766	23/04/1443
12	Akun Warehouses	625516001149	20/11/1442
		425516001150	20/11/1442



**(f) Previous and Total target rental revenues per property / leasehold**

The tables below summarize estimated 2019 and target 2020-2021 rental revenues of Initial and First and Second Additional Real Estate Assets (before and after the increase of the Fund's total asset value)\*:

**Total target rental revenues**

Property / Leasehold	Rental Revenues (SAR)	Ratio to Total Rents	Rental Revenues (SAR)	Ratio to Total Rents	Rental Revenues (SAR)	Ratio to Total Rents	Rental Revenues (SAR)	Ratio to Total Rents	Average Target Rental Revenues
Period	2019	Actual	2020	Estimate	2021	Target	2022	Target	2020-2022
Almalga Residential Compound	12,422,222	14.92%	10083111	7.56%	14013774	8.87%	14,013,774	8.87%	12,703,553
Gallery Mall	23,605,732	28.35%	23605732	17.71%	23605732	14.94%	23,605,732	14.94%	23,605,732
Palazzo Center	8,164,585	9.81%	8058892	6.04%	6809268	4.31%	6,809,268	4.31%	7,225,810
Home Works Center*	6,169,014	7.41%	6169014	4.63%	4639831	2.94%	4,639,831	2.94%	5,149,558
Ahlan Court	7,197,183	8.64%	7197183	5.40%	7197183	4.56%	7,197,183	4.56%	7,197,183
BIN II Plaza	9,253,521	11.11%	9253521	6.94%	9253521	5.86%	9,253,521	5.86%	9,253,521
Elite Commercial Center	16,450,704	19.76%	16450704	12.34%	16450704	10.41%	16,450,704	10.41%	16,450,704
<b>Total Initial Real Estate Assets</b>	<b>83,262,962</b>	<b>100.00%</b>	<b>80818517</b>	<b>60.62%</b>	<b>81970014</b>	<b>51.89%</b>	<b>81,970,014</b>	<b>51.89%</b>	<b>81,586,062</b>
Elegance Tower	-	0.00%	30000000	22.50%	30000000	18.99%	30,000,000	18.99%	30,000,000
Al-Farabi Colleges	-	0.00%	16000000	12.00%	16000000	10.13%	16,000,000	10.13%	16,000,000
Al-Farabi Colleges Training Building	-	0.00%	6500000	4.88%	6500000	4.11%	6,500,000	4.11%	6,500,000
<b>Total First Additional Real Estate Assets</b>	<b>-</b>	<b>0.00%</b>	<b>52500000</b>	<b>39.38%</b>	<b>52500000</b>	<b>33.23%</b>	<b>52,500,000</b>	<b>33.23%</b>	<b>52,500,000</b>
Vision Education Colleges	-	0.00%	-	0.00%	7500000	4.75%	7,500,000	4.75%	7,500,000
Akun Warehouses	-	0.00%	-	0.00%	16000000	10.13%	16,000,000	10.13%	16,000,000
<b>Total Second Additional Real Estate Assets</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>	<b>23500000</b>	<b>14.88%</b>	<b>23,500,000</b>	<b>8.87%</b>	<b>23,500,000</b>
<b>Total</b>	<b>83,262,962</b>	<b>100.00%</b>	<b>133318157</b>	<b>100.00%</b>	<b>157970014</b>	<b>100.00%</b>	<b>157,970,014</b>	<b>100.00%</b>	<b>157,586,062</b>

\* The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.

**Revenue to Fund Total Asset Value**

Description	2019	2020	2021	2022	Average (2020-2022)
<b>Total Revenue to Fund Total Asset Value</b>	8.46%	7.81%	7.66%	7.66%	7.71%
<b>Ratio of Fund Costs to Fund Total Asset Value</b>	2.88%	3.13%	2.71%	2.71%	2.85%



Net Revenue to Fund Total Asset Value	5.58%	4.68%	4.95%	4.95%	4.86%
Revenue to Fund Capital					
Description	2019	2020	2021	2022	Average (2020-2022)
Target Total Revenue to Fund Capital**	12.53%	12.95%	11.20%	11.20%	11.78%
Ratio of Fund Costs to Fund Capital (Total Expense Ratio)	4.27%	5.18%	3.97%	3.97%	4.38%
Target Net Revenues to Fund Capital***	8.26%	7.77%	7.23%	7.23%	7.40%

- The Fund Units were listed on 20 March 2019. As such, the rental revenues were estimated for 2019 to facilitate comparison with subsequent years.
- The annual rent is calculated based on executed lease agreements.
- Rental rate increases were not taken into consideration during the period covered by the table, as target rental proceeds were fixed on the basis of the first year's rental value.
- The Fund's performance may change commensurate with market variables and/or upon renewal of the lease agreements.

\*\* The target total return is the ratio of the total of the target revenues to the Fund's Capital (excluding VAT).

\*\*\* The target net return is the total of the net revenues of the Fund less financing costs and all Fund fees and expenses to the Fund's Capital (excluding VAT). This is the target return distributable to investors.

**The target total rental revenues of the above real estate assets for 2021 is SAR 157,970,014, or a Fund target total return (target rental revenues to Fund Capital) of 11.20%, and a target net return of 7.23%.**

### (g) Authority to Borrow for the Fund and the Fund Manager's Policy in Exercising that Authority

**First Drawdown:** The Fund received credit facilities from Al Rajhi Bank, compliant with the Shari'a Guidelines of the Shari'a Supervisory Committee, to fund the acquisition of the Initial Real Estate Assets in accordance with the following key terms:

**Amount of facilities used:** SAR 340,000,000

**Term to Maturing as of the Date of Obtaining the Facilities:** Long-term financing for a period of five years (as of 12 February 2019)

**Arranging Fees (Frontend Fees):** 1% of the drawdown amount (payable one time to Al Rajhi Bank upon the drawdown).

**Profit Margin:** 2.25% of the drawdown amount, plus a profit rate equal to 6-month SAIBOR, payable to Al Rajhi Bank semi-annually.

**Repayment:** One balloon payment at the end of the financing term.

#### **Securities:**

- Mortgaging the Fund's properties in accordance with the conditions of the credit facilities agreement and applicable laws (with a coverage of 200% of the drawdown amount)
- Opening an account with Al Rajhi Bank in the name of the custody company holding the Fund's assets, to be used to collect the rents of the Fund's Initial Real Estate Assets, such that Al Rajhi Bank is allowed to debit financing payments out of this account, with the

balance transferred to another account designated by the Fund Manager for the purposes of distributing dividends in accordance with the Fund's Dividend Policy.

On 19 November 2019, the Fund entered into a hedging agreement with Saudi Fransi Banque, compliant with the Shari'a Guidelines of the Shari'a Supervisory Committee, to fix the SAIBOR rate for the remaining period of the aforementioned financing.

**Second Drawdown:** The Fund received an increase in the credit facilities, compliant with the Shari'a Guidelines of the Shari'a Supervisory Committee, obtained from Al Rajhi Bank amounting to SAR 397,500,000, to fund the acquisition of the First Additional Real Estate Assets in accordance with the following key terms:

**Amount of facilities to be used:** SAR 397,000,000

**Term to Maturing as of the Date of Obtaining the Facilities:** Long-term financing for a period of five years as of the date of the drawdown (as of 13 September 2020)

**Arranging Fees (Frontend Fees):** 1% of the drawdown amount (payable one time to Al Rajhi Bank upon the drawdown).

**Profit Margin:** 2.50% of the drawdown amount, plus a profit rate equal to 6-month SAIBOR, payable to Al Rajhi Bank semi-annually.

**Repayment:** One balloon payment at the end of the financing term.

**Securities:**

- Mortgaging the Fund's properties in accordance with the conditions of the credit facilities agreement and applicable laws (with a coverage of 200% of the drawdown amount)
- Opening an account with Al Rajhi Bank in the name of the custody company holding the Fund's assets, to be used to collect the rents of the Fund's Initial and First Additional Real Estate Assets, such that the financier bank is allowed to debit financing payments out of this account, with the balance transferred to another account designated by the Fund Manager for the purposes of distributing dividends in accordance with the Fund's Dividend Policy.

Thus, the total drawdown amount out of the financing facilities is SAR 737,500,000, with a total percentage of financing received of 35.75% of the Fund's total asset value following the increase of the Fund's total asset value according to the latest audited pro forma financial statements (dated 30 September 2020).

The Fund Manager may obtain other financing or enter into hedging agreements to fix SAIBOR, on the event the Fund decides to fix SAIBOR for facilities in compliance with Shari'a guidelines of the Fund's Shari'a Supervisory Committee, subsequent to the Fund's listing on Saudi Tadawul, such that the percentage of total financing received does not exceed 50% of the Fund's total asset value as at the time of obtaining the financing, according to the latest audited financial statements. The amount received actually depends on (a) special considerations related to the arrangement of the financing obtained; and (b) the prevailing market conditions. The terms of any financing shall be with without recourse against the Fund's Unitholders in excess of their investments in the Fund.





#### (h) Ways and Methods of Investing the Fund's Available Liquidity

Investment Type	Minimum Limit of the Fund's Total Value according to the latest audited financial statements	Maximum Limit of the Fund's Total Value according to the latest audited financial statements
Cash liquidity	0%	25%
Publicly offered money market funds licensed by the CMA		
Murabaha and Saudi Riyal short term deposits with Saudi Central Bank licensed banks operating in Saudi Arabia		
Shares of real estate companies listed on Saudi Tadawul and licensed by the CMA		
Units of real estate investment traded funds publicly offered on Saudi Tadawul and licensed by the CMA		
Traded debt instruments publicly offered on Saudi Tadawul and licensed by the CMA		

\*Available cash may be invested in money market funds managed by the Fund Manager.

#### (i) Disclosure of Details on the Use of the Fund's Offering Proceeds

##### 1. Use of the Initial Offering Proceeds (before the capital increase)

The Fund's Capital after the Initial Offering reached SAR 664,423,860. Sellers of Initial Real Estate Assets received Units during the Initial Offering Period for their in-kind contributions of the Initial Real Estate Assets to the Fund. The total value of in-kind contributions reached SAR 426,879,000 (at Par Value per Unit of SAR 10). The sellers received 42,687,900 Units. The remaining SAR 237,544,860 represents the size Initial Public Offering. The proceeds of the Initial Offering were used to acquire the Initial Real Estate Assets and pay the fees, costs and initial fees (non-recurring).

The following table shows the uses of the Fund's total subscription amount (value of Units offered at the Subscription Price during the Initial Offering):

Description	Initial Offering (SAR)	
<b>In-Kind and In-Cash Acquisition of the Real Estate Assets</b>		
In-Kind Contributions to pay for the in-kind acquisition of the real estate assets	426,879,000	
Cash Subscriptions Amount to pay for the in-cash acquisition of the Fund's Real Estate Assets	193,421,000	
Cash Subscriptions Amount to pay Capital Expenditures at the time of Offering	44,123,860	
<b>Uses of Fund's Total Subscriptions</b>	<b>664,423,860</b>	
<b>Breakdown of Capital Expenditures (Non-Recurring Fees, Costs and Initial Fees)</b>		





Brokerage Fees	16,157,500	
Capital structuring Fees	9,966,360	
Costs of Early Retirement of Debt and release of mortgage on the Initial Real Estate Asset (Almalga Residential Compound)* (Budget)*	7,590,000	
Debt Structuring Fees	5,100,000	
Financing Costs (Debt Arranging Fees)	3,400,000	
Costs of Due Diligence Transactions for the Real Estate Assets (Budget)*	1,500,000	
Other Expenses – Legal Advisor Fees (Budget)*	300,000	
Initial Registration and Listing Fees	110,000	
<b>Total Capital Expenditures for Acquisition of Real Estate Assets</b>	<b>44,123,860</b>	
* The amount is a budget allocation for this cost. In the event this budget is not disbursed, or if only a part thereof is used, the surplus budget allocation will be treated as a Fund asset (that is, it would be allocated as cash available for investment in accordance with the investment concentration policies referred to in Clause (9), titled "Summary of Fund Strategies").		

## 2. Use of the First Subsequent Offering Proceeds

The Fund's Capital after the First Subsequent Offering reached SAR 1,029,710,130, following the issue of the First Subsequent Units with a Par Value of SAR 365,286,270.

The sellers of the First Additional Real Estate Properties received Units during the First Subsequent Offering Period for their in-kind contribution of the First Additional Real Estate Properties in the Fund, with the First Subsequent In-Kind Subscription totaling SAR 327,329,500 at Par Value. The sellers received 32,732,950 Units, and the remaining 3,795,677 Units valued at SAR 37,956,770, represent the Cash Offering at Par Value. The proceeds of the First Subsequent Offering were used to acquire the First Additional Real Estate Properties and pay the fees, costs and initial fees (non-recurring) of the First Subsequent Offering.

The following table shows the uses of the Fund's total subscription amount (value of Units offered at the Subscription Price during the First Subsequent Offering):

Description	First Subsequent Offering (SAR)
<b>In-Kind and In-Cash Acquisition of the Real Estate Assets</b>	
In-Kind Contributions to pay for the in-kind acquisition of the First Additional Real Estate Assets	291,500,000
Cash Subscriptions Amount to pay for the in-cash acquisition of the First Additional Real Estate Assets	0
Cash Subscriptions Amount to pay Capital Expenditures at the time of Offering	33,802,022
<b>Uses of Fund's Total Subscriptions</b>	<b>325,302,022</b>
<b>Breakdown of Capital Expenditures (Non-Recurring Fees, Costs and Initial Fees)</b>	
Brokerage Fees	**17,225,000



Capital structuring Fees	4,879,522
Debt Structuring Fees	5,962,500
Financing Costs (Debt Arranging Fees)	3,975,000
Costs of Due Diligence Transactions for the Real Estate Assets (Budget)*	1,500,000
Other Expenses – Legal Advisor Fees (Budget)*	150,000
Initial Registration and Listing Fees	110,000
<b>Total Capital Expenditures for Acquisition of Real Estate Assets</b>	<b>33,802,022</b>
* The amount is a budget allocation for this cost. In the event this budget is not disbursed, or if only a part thereof is used, the surplus budget allocation will be treated as a Fund asset; that is, it would be allocated as cash available for investment in accordance with the investment concentration policies referred to in Clause (9), titled "Summary of Fund Strategies".	
** In respect of the First Additional Real Estate Assets, brokerage fees were paid to the Fund Manager totaling SAR 8,612,500. The remaining brokerage fees totaling SAR 8,612,500 were paid to other parties (brokers).	

### 3. Use of the Second Subsequent Offering Proceeds (Use of the New Capital)

The Fund's Capital at present is SAR 1,029,710,130. The Fund Manager will increase the Fund's Capital by way of the Second Subsequent Offering by issuing Subsequent Units valued at Par at SAR 380,378,350, raising the Fund's Capital after the increase to SAR 1,410,088,480.

The sellers of the Second Additional Real Estate Properties will receive Units during the Second Subsequent Offering Period for their in-kind contribution of the Second Additional Real Estate Properties in the Fund, with Second First Subsequent In-Kind Subscription totaling SAR 223,013,350 at Par Value. They will receive 22,301,335 Units, and the remaining 15,736,500 Units valued at SAR 157,365,000, represent the Cash Offering at Par Value. The proceeds of the Second Subsequent Offering will be used to acquire the Second Additional Real Estate Properties and pay the fees, costs and initial fees (non-recurring) of the First Subsequent Offering.

The following table shows the uses of the Fund's total subscription amount (value of Units offered at the Subscription Price during the Second Subsequent Offering):

Description	First Subsequent Offering (SAR)
<b>In-Kind and In-Cash Acquisition of the Real Estate Assets</b>	
In-Kind Contributions to pay for the in-kind acquisition of the Second Additional Real Estate Assets	196,700,005
Cash Subscriptions Amount to pay for the in-cash acquisition of the Second Additional Real Estate Assets	129,702,495
Cash Subscriptions Amount to pay Capital Expenditures at the time of Offering	9,095,008
<b>Uses of Fund's Total Subscriptions</b>	<b>335,497,508</b>
<b>Breakdown of Capital Expenditures (Non-Recurring Fees, Costs and Initial Fees)</b>	
Brokerage Fees	**7,853,000
Capital structuring Fees	N/A



Debt Structuring Fees	N/A
Financing Costs (Debt Arranging Fees)	N/A
Costs of Due Diligence Transactions for the Real Estate Assets (Budget)*	1,000,008
Other Expenses – Legal Advisor Fees (Budget)*	150,000
Initial Registration and Listing Fees	110,000
<b>Total Capital Expenditures for Acquisition of Real Estate Assets</b>	<b>9,095,008</b>
<p>* The amount is a budget allocation for this cost. In the event this budget is not disbursed, or if only a part thereof is used, the surplus budget allocation will be treated as a Fund asset; that is, it would be allocated as cash available for investment in accordance with the investment concentration policies referred to in Clause (9), titled "Summary of Fund Strategies".</p> <p>** In respect of the Second Additional Real Estate Assets, brokerage fees will be paid to the Fund Manager totaling SAR 3,917,500. The remaining brokerage fees totaling SAR 3,917,500 will be paid to other parties (brokers).</p>	

The following table shows (value of the offered Units at the relevant Subscription Price for each period)\*:

Description	Before any increase in the Fund's Total Asset Value (SAR)	First Increase by way of the First Subsequent Offering (SAR)	After the increase in the Fund's Total Asset Value by way of the First Subsequent Offering (SAR)	Second Increase by way of the Second Subsequent Offering (SAR)	After the increase in the Fund's Total Asset Value by way of the Second Subsequent Offering (SAR)
Cash Subscription Amount	237,544,860	33,802,022	271,346,882	138,767,504	410,144,386
In-Kind Subscription Amount	426,879,000	291,500,000	718,379,000	196,700,005	915,079,005
Total Drawdown	340,000,000	397,500,000	737,500,000	0	737,500,000
<b>Total</b>	<b>1,004,423,860</b>	<b>722,802,022</b>	<b>1,727,225,882</b>	<b>**335,497,508</b>	<b>**2,062,723,390</b>

\* The Initial Offering Subscription Price is SAR 10.0000. The First Subsequent Offering Subscription Price is SAR 8.9054. The Second Subsequent Offering Target Subscription Price will be SAR 8,8201.

\*\* There is a difference of SAR 1 resulting from rounding to the nearest Saudi Riyal.



The following table shows the uses of the Fund's total asset value (value of offered Units at the target Subscription Price).

Description	Before any increase in the Fund's total asset value (SAR)	First increase during the First Subsequent Offering (SAR)	After the increase in the Fund's total asset value by way of the First Subsequent Offering (SAR)	Second increase during the Second Subsequent Offering (SAR)	After the increase in the Fund's total asset value by way of the Second Subsequent Offering (SAR)
Cash acquisition of the real estate assets	533,421,000	397,500,000	930,500,000	116,799,995	1,047,620,995
In-kind acquisition of the real estate assets	426,879,000	291,500,000	718,379,000	196,700,005	915,079,005
<b>Total acquisition value of the real estate assets</b>	<b>960,300,000</b>	<b>689,000,000</b>	<b>1,649,300,000</b>	<b>313,400,000</b>	<b>1,962,700,000</b>
Brokerage Fees	16,157,500	17,225,000	33,382,500	7,835,000	41,217,500
Capital structuring Fees	9,966,360	4,879,522	14,845,882	N/A	14,845,882
Early payment and release of mortgage costs	7,590,000	N/A	7,590,000	N/A	7,590,000
Debt structuring Fees	5,100,000	5,962,500	11,062,500	N/A	11,062,500
Financing Costs (Debt Arranging Fees)	3,400,000	3,975,000	7,375,000	N/A	7,375,000
Costs of due diligence of initial real estate assets	1,500,000	1,500,000	3,000,000	1,000,008	4,000,008
Other Expenses – Legal Advisor Fees (Budget)	300,000	150,000	450,000	150,000	600,000
Initial registration and listing fees	110,000	110,000	220,000	110,000	330,000
Real Estate Transactions Tax	N/A	N/A	N/A	13,002,500	13,002,500
<b>Total Initial Costs and Fees (Non-Recurring)</b>	<b>44,123,860</b>	<b>33,802,022</b>	<b>77,925,882</b>	<b>22,097,508</b>	<b>100,023,390</b>
<b>Total</b>	<b>1,004,423,860</b>	<b>722,802,022</b>	<b>1,727,225,882</b>	<b>335,497,508</b>	<b>2,062,723,390</b>



## (j) Unitholders and Ratio of Fund In-Kind Subscriptions to the Fund's Total Asset Value

Please refer to Clause (11) of these Terms and Conditions, titled "Subscriptions", below.

### Active Management

The Fund Manager will continuously manage the assets of the Fund using a team of specialized experts in the real estate investment field, by review and evaluation of the performance of the real estate assets and portfolio to achieve the optimal performance, maximize investment value in the long term and ensure that the Fund's investment objectives are achieved.

The Fund Manager will also seek, in collaboration with third party advisors, to constantly evaluate that various real estate sectors in order to monitor changes in performance and patterns and benefit from available opportunities to achieve the Fund's objectives and serve its interests in the long term. In addition, the Fund Manager intends to appoint experienced managers to manage the Fund's properties. The property managers will also be tenants of the Fund's properties.

### Investment Decision Making

In order to benefit from investment opportunities in line with the Fund's strategy, the Fund Manager will study and analyze real estate opportunities in line with the investment policies prepared by the Fund Manager's investment team.

The various approaches used by the Fund Manager to study and evaluate investment opportunities include the Fund Manager's study of each property separately, taking into consideration the fair (market) value of the property based on the valuation reports, the attractiveness of its location, its competitive advantages, the levels of cash liquidity in the secondary markets, vacancy rates, the value proposition, in addition to macroeconomic trends and other factors to reach an investment decision. The Fund Board may receive third party advisory services to reach an investment decision.

The Fund Manager real estate investment management team uses an investment decision making process as follows:

Step	Description
1. Development of Investment Strategy	The Fund strategies and determining factors of investing in income generating assets shall be based on the Fund's investment objectives with the aim of maximizing benefit to investors using principal criteria for real estate investments, including:
	- Sector
	- Asset Type
	- Geographic Location
2. Selection of the	- Building Quality and Specifications
	- Age of the Asset
	- Tenant Base
	- Projected Income
	In addition, each investment is reviewed separately as part of the investment portfolio, using a holistic view.
	The optimal investment is selected after defining all heads of terms, and



Optimal Investment	signing an exclusivity agreement, followed by a comprehensive examination of the following, without limitation:	
	- Setting the performance time schedule.	- Selecting service providers and their respective scopes of work.
	- Valuation of the asset by at least two accredited valuers.	- Preparing the financial model and the requisite feasibility studies.
	- Performing legal due diligence of the title deeds and related documents.	- Preparing technical examination reports.
3. Carrying out the Acquisition	<p>The acquisition process is carried out by establishing a special purpose limited liability company subsidiary of the Custodian, and after the Property Management Department performs the following:</p> <ul style="list-style-type: none"> <li>- Select the best acquisition structure.</li> <li>- Select the best financial structure.</li> <li>- Select real estate service providers to provide management and operation of the real estate asset.</li> <li>- Signing definitive agreements (sale contract).</li> <li>- Taking necessary action to transfer the lease agreements and other related contracts to the new owner (Fund/special purpose company).</li> </ul>	
4. Managing Fund Operations	<p>The Fund Manager shall recommend cash distributions in line with the Fund's strategies and applicable regulations. The Fund Manager shall also maximum Fund returns and protect the value of its assets by actively carrying out the following:</p> <ul style="list-style-type: none"> <li>- Managing lessee relations actively and effectively.</li> <li>- Ensuring lessee satisfaction, addressing obstacles affecting their activities or preventing their use of the property.</li> <li>- Maximizing returns by re-leasing and/or increasing the rental value commensurate with available opportunities under prevailing market conditions.</li> <li>- Appointing asset management and maintenance providers and monitoring their performance on a regular basis.</li> <li>- Study property improvements, rehabilitate properties and increase their operational efficiency, as needed.</li> </ul>	
5. Exiting the Fund	<p>Investment exit opportunities are reviewed in line with the best interests of investors, using reports prepared for this purpose, subject to Fund Board approval and other regulatory requirements.</p> <p>In the event a decision to exit the real estate asset is made, exit shall be carried out by selling the asset to strategic, financial or other buyers, in the best interest of investors, subject to due diligence to support the decision.</p> <p>The investment is exited either by the Fund Manager directly, or through a real estate marking advisor appointed by the Fund Manager for this purpose.</p>	



### **Disposing of Investments and Exit Policy**

The primary objective of the Fund is to generate income yield to investors. This requires holding the Fund's assets for extended periods of time. Nevertheless, the Fund Manager will continuously monitor the market to evaluate opportunities to exit any of its real estate investments. Rationale for exiting real estate investments include – without limitation: (a) rebalancing the Fund's assets to include new assets, (b) changing the mix of existing real estate assets, or (c) negative outlook of the real estate market and subsectors which may adversely affect the real estate assets comprising the Fund.

The Fund intends to hold investments in general for a longer term. The Fund Manager will evaluate each of the Fund owned properties twice a year, on the last business day of June and December of each year, and will propose specific strategies in that respect, including decisions to dispose of the property in the long and short terms, if such decisions are deemed in the best interest of the Fund and its Unitholders.

The Fund Manager will receive valuation reports of any property which is proposed to be acquired, sold or disposed of, from (at least) two independent valuers approved by the Fund Board and accredited by the Saudi Authority for Accredited Valuers (TAQEEM).

### **Ownership Structure**

The Fund appoint the Custodian to hold the assets of the Fund. The ownership of the assets will be registered in the name of one or more special purpose vehicle to be established by the Custodian to segregate the ownership of the Fund's assets and the ownership of the Custodian's assets.

The Fund may obtain Shari'a compliant financing from one or more financing institution. In such event, the Fund's assets may be mortgaged in favor of the financier in accordance with the terms and conditions of the financing documents, and in line with the conditions of the credit facilities agreement and applicable regulations.

### **Compliance with Regulations**

The Fund and its investments shall at all times comply with laws and regulations governing the ownership of real estate properties in the Kingdom of Saudi Arabia, including the Law of Real Estate Ownership and Investment by Non-Saudis.



## 10. Risks of Investing in the Fund

Investing in the Fund involves a high level of risk and is only suitable for investors who fully understand investment risks and are capable of bearing them. Prospective investors must carefully evaluate the following and other considerations when making their investment decision. Other risks and uncertainties may not be known to the Fund Manager at present, or may be considered insignificant by the Fund Manager at this time, while they may have an adverse effect on the Fund and its business. No assurance can be given that the Fund will be able to achieve the investment objective, or that the investors will receive a return on their investment.

Investing in the Fund does not imply any assurance that the Fund will be profitable, or that the investor will not suffer loss. Therefore, each prospective investor should take into consideration the below listed risk factors before buying Units in the Fund. Each investors shall be fully responsible for any financial loss resulting from investing in the Fund, unless such risk is caused by fraud, gross negligence or misconduct on the part of the Fund Manager, as stipulated in the Real Estate Investment Funds Regulations.

### **(a) Summary of Main Risks Associated with Investing in the Fund, which could affect Fund Investments, or any other condition which may affect the Fund's NAV and Return on Investment**

No Assurance of Investment Returns: There is no assurance that the Fund will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the Fund and the nature of the transactions described in these Terms and Conditions. It is possible that the Units may fall in value or that investors might lose some or all of the capital they have invested. There can be no assurance that projected or targeted returns for the Fund will be achieved. All of the figures and statistics set out in these Terms and Conditions are for illustrative purposes only and do not represent profit forecasts. Actual returns cannot be predicted and may differ projections set out in these Terms and Conditions.

Limited Operating History Risk: The Fund does not have an operating history to enable prospective investors to judge the Fund's performance and its successes. The Fund Manager's experience in the management of real estate investment traded funds is recent given the fact that they were recently introduced by legislation in the Kingdom of Saudi Arabia. The risks associated with the Fund's future investments may differ substantially from those associated with investments and strategies undertaken historically by the Fund Manager. Past results of the Fund Manager are not necessarily indicative of future performance. Therefore, the novelty of this product shall be deemed a risk as it is difficult to predict the extent of change in the value of Units or the proceeds that are supposed to be distributed.

Regulatory Risk: Notwithstanding the obligation of the Fund Manager to ensure the Fund's compliance with applicable regulations and instructions, it is possible that the Fund may fail to meet one of the qualification requirements to be a real estate investment traded fund in accordance with the Real Estate Investment Regulations. This could adversely affect the liquidity of the Fund Units, and therefore the value of the Fund's investment. In addition,



subsequent changes (including a change in interpretation) in the Fund's qualification requirements to be a closed-ended traded investment fund, may occur. Prospective investors should note that there can be no assurance that the Fund, after being selected to be a real estate investment traded fund, will remain a real estate investment traded fund (whether due to failure to satisfy regulatory requirements or otherwise). In the event the Fund fails to meet any of the regulatory requirements to maintain its status, the CMA may suspend the trading of the Units or delist the Fund. The inability to list the Fund on Saudi Tadawul may adversely affect the ability to market the Units, as well as the Unit's liquidity and value.

**Market Liquidity Risk:** The Fund intends to apply for admission of the Units to trading on Saudi Tadawul. Admission should not be taken as implying that there will be a liquid market for the Units or that it will develop or, if it does develop, that it will be maintained indefinitely following admission. In the event low market liquidity and supply and demand, the liquidity and trading prices of the Units could be adversely affected. In addition, if such a market does not develop, relatively small transactions or intended transactions in the Units may have a significant negative impact on the market price of the Units, whilst transactions or intended transactions related to a significant number of Units may be difficult to execute at a stable price. Limited numbers of Units and/or Unitholders may mean that there is limited liquidity in such Units which may adversely affect: (i) an investor's ability to realize some or all of its investment; and/or (ii) the price at which such investor can effect such realization; and/or (iii) the price at which such Units trade in the secondary market. In addition, a substantial proportion of the Units may be issued to a limited number of investors, which could adversely affect the development of an active and liquid market for the Units. In addition, although Units are tradable, market liquidity of REIT units in general is lower than the market liquidity of listed equities.

**Change of Fund Unit Price Risk:** Many factors adversely affect Unit market price, including the overall activity in local and global equity markets, real estate markets, prevailing and project economic conditions, interest rates, cost of financing, investor appetite, and the general economic conditions. The market of the Units is usually volatile, and the lack of liquidity adversely affects the market value of the Units. Therefore, buying these Units is only appropriate for investors who can weather the risk of these investments.

**Changes of Economic Conditions Risk:** The changes in economic conditions, including rates, business conditions, competition, technological developments, political and diplomatic events and tax laws can materially and adversely affect the Fund's business and opportunities. In particular, higher interest rates may result in demands by investors of higher returns in order to compensate for the rate of return on investment in the Fund, as compared to the potential return on investment in alternative investment instruments. Therefore, the attractiveness of the Units as an investment opportunity decreases, and the demand on it declines, thus adversely affecting the market value of the Units. Whereas the Fund may resort to financing, any increase in debt market interest rates may affect the Fund's financing terms. Changes in interest rates will also affect valuations in the real estate sector in general.

**Trading at Lower than the Offering Price Risk:** Units may trade at lower than the Offering Price at the time of subscription. Unitholders may not be able to recover the full value of their investment. Units are traded at lower than their value for several reasons, including unfavorable market conditions, weak investor expectations in respect of the feasibility of the Fund's strategy.

and the Fund's investment policy, and the higher levels of supply exceeding demand for the Units.

**Distributions Fluctuation Risk:** While the Fund is required under the Real Estate Investment Regulations, to distribute least 90% of the Fund's net income to Unitholders, however, there are no guarantees regarding the amounts of future distributions that the Fund will make to Unitholders. The Fund may be unable to make any distribution due to unforeseeable events resulting in an increase in costs (including capital expenditures in the event of costly and urgent wide scope renovations) or decrease in revenues (in the event of lower levels of rent collection), or the lessee's failure to pay. The Fund's inability to make distributions to Unitholders may expose the Fund to certain liabilities that would further affect its financial performance. The Fund may also be prevented from making distributions, pursuant to restrictive loan covenants or otherwise, by its financiers, who may in certain circumstances (such as following the occurrence of a default under any financing arrangements) have the right to take control of the cash flows of the Fund and use those cash flows to pay down principal amounts outstanding under the financing arrangements. An interruption or decrease in the amount of distributions to Unitholders may cause the market value of Units and their trading price on Saudi Tadawul to fall.

**Risks of Excessive Selling of Units:** The subsequent Unit selling transactions by Unitholders of a large number of Units may cause the Unit's market price to significantly decline. Selling of large numbers of Units on the public exchange or the perception that such selling will occur, may cause an sharp adverse effect on the Unit value and trading price.

**Reflection of Underlying Value Risk:** The market trading price of the Units does not reflect the underlying value of the investments to the Fund. Capital Markets witness are exposed to large fluctuations in prices and trading volumes from time to time, leading, in addition to economic, political and other factors, to adverse effects on the Unit value and trading price. As a publicly traded Fund, the Fund's Unit price is affected by a number of factors, many of which are beyond the control of the Fund Manager, while some are related to the Fund and its operations, such that they affect the real estate investment or the equity markets in general.

**Fund's Net Asset Valuation Risk:** The Fund's NAV is calculated twice a year. However, the value of underlying investments may change during the period between valuations. Therefore, the market price of the Units may be determined based on historical data which do not reflect the present value of the Fund's underlying investments. In addition, some of the fees due and payable to the Fund Manager do not change except from one change to the next, based on the Fund's NAV (such as the Fund Operator's Fees which are a percentage of the Fund's NAV, and the Management Fees which are a percentage of the annul net rental value collected from the real estate properties owned by the Fund. Management Fees, however, shall not exceed 0.75% of the Fund's NAV based on the Fund's last valuation). Thus, the Unitholder is not aware of the new Fund asset value during the period, and may dispose of the Fund Units in a manner which may adversely affect the returns on his investment.

**Restrictions on Fund Raising for Future Acquisitions Risk:** Distribution requirements and financing restrictions according to the Real Estate Investment Regulations, limit the Fund's flexibility and ability to grow through acquisition. The Fund intends to distribute at least 90% of

its net profits to Unitholders. In addition, and in order to maintain the status of the Fund as a real estate investment traded fund, the Funds financing shall not exceed 50% of the Fund's total asset value, according to the last audited financial statements at the time of obtaining the financing. As a result, the Fund's has a limited capability to improve its holdings or achieve growth through the acquisition of additional properties. In the event the Fund intends to increase its capital, it may offer Units against in-kind or in-cash contributions, in line with CMA's regulations. The process is lengthy, and as such, it may adversely affect the market price of the Units.

**Shari'a Restrictions:** The Fund's investments must be made in line with the Shari'a guidelines as determined by the Shari'a Supervisory Committee. These guidelines apply both to the structure of the investments and to the activities of the Fund and its investments. In order to comply with such principles, the Fund may be forced to divest an investment, or part of an investment, if the investment or the investment structure relating to that investment violates the relevant Shari'a guidelines of the Shari'a Supervisory Committee. Additionally, in complying with the Shari'a principles, the Fund may lose investment opportunities if a proposed investment is ultimately determined by the Shari'a Advisor not to be compliant with the Shari'a guidelines of the Shari'a Supervisory Committee, and thus cannot be considered by the Fund. These factors may, under certain circumstances, have an adverse effect on the financial performance of the Fund or its investments, as compared to the results that might be obtained in the absence of the Fund's Shari'a investment guidelines.

**Risk of Incorrect Forecasts and Changes in Market Conditions:** The future performance of the Fund would largely depend on changes in the supply and demand conditions of the relevant real estate sector, which may be affected by global and local economic and political conditions, increased competition resulting in a decline in the value of the properties, possibility of limited available housing loans, or increased mortgage rates and fluctuations in supply and demand. Incorrect forecasts used by the Fund Manager to make investment decisions may have an adverse impact on the Fund.

**Non-Participation in the Management:** Except as provided in these Terms and Conditions, investors shall not have the right or authority to participate in the management of the Fund, or to affect any of the Fund's investment decisions. All management responsibilities are assigned to the Fund Manager.

**Dependence on Key Employees Risk:** The Fund's success will principally depend on the success of its management team. The loss of the services of any of the members of such management team in general (whether such loss is through resignation or otherwise), or the inability to attract and retain additional personnel, could materially affect the Fund's business and prospects. The lack of a successful team to manage the Fund adversely affects the ability to achieve growth in the Fund's properties and assets, and the ability to negotiate in the best interest of the Fund, thus reflecting on the Fund's returns and Unit value.

**Potential Conflicts of Interest:** The Fund may be subject to various conflicts of interest because of the fact that the Fund Manager and its affiliates, and their respective directors, officers and associates, may directly or indirectly be engaged in a wide range of business activities. The Fund Manager may from time to time do business with persons, companies, establishments or

corporations who have direct relations with the Fund Manager's affiliates in order to facilitate investment opportunities. The entities assigned specific functions by the Fund Board (including the Fund Manager) are not required to devote all their resources to the Fund. In the event any such entity carries out functions or devotes resources to any other entity, its ability to devote its resources and functions to the will be limited. This could adversely affect the Fund's ability to achieve its investment objectives, including increasing its proceeds and ability to achieve a higher market value of the Units.

**Force Majeure Risk:** The Fund is affected in general by the economic and social conditions prevailing in the countries and cities where the Fund invests. In addition, the Fund's investments are materially exposed to decisions involving total or partial lockdown throughout the day, including for example: closure of restaurants and entertainment venues, closure of shopping malls, factories and warehouses, disruption of business activities as a result of war, fire and disease, making lessee's incapable of paying rents due to the Fund, reducing the occupancy rate of the Fund's properties, preventing the collection of rents and/or termination of existing lease agreements, which may have a varied tangible effect on the revenues of the Fund's real estate properties (particularly commercial real estate properties). All of these factors adversely affect the Fund's rental revenues, and as such the Fund's business is negatively impacted by such extraordinary circumstances, resulting in decreased cash distributions to Unitholders and/or lower price of the Units listed on Saudi Tadawul. In addition, such actions and circumstances may have legal consequences affecting certain contracts entered into by the Fund (including lease agreements) and related obligations.

#### **(b) Risk Factors Related to the Assets of the Fund**

**Availability of Appropriate Investments:** Some of the investments of the Fund, as of to date, are selected by the Fund Manager, and as such, Unitholders will not have the opportunity to evaluate the economic, financial or other factors related to future investments. There can be no assurance that the Fund Manager will be able following acquisition of the real estate assets, to identify investments that meet the Fund's investment objectives, particularly in the prevailing market environment. The business of identifying and structuring investments suitable for the Fund is somewhat complex and involves a high degree of uncertainty. The Fund Manager's inability to identify suitable investments may adversely affect the ability of the Fund to achieve the required growth of the Unit's market value.

**Availability of Appropriate Investments:** Some of the investments of the Fund have been selected by the Fund Manager as of the date hereof. As such, Fund Unitholders will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding future investments. There can be no assurance that the Fund Manager will be able to identify investments following the acquisition of the real estate assets that meet the Fund's investment objectives, particularly in the current market environment. Identifying and structuring investments suitable for the Fund is highly complicated and involves a high degree of uncertainty. The Fund Manager's inability to identify suitable investments may adversely affect the ability of the Fund to produce the desired growth in the market value of Units.

**Residential Real Estate Market Risks:** The Fund may invest in the residential real estate sector. The performance of investments in the residential real estate sector depends heavily on



changes in demand and supply levels, which would be greatly affected by local and global economic, political and security factors, including increase in competition posed by other residential properties. The Fund's ability to earn net rental income as well as maintain the real estate value of the residential properties highly depends on the ability of the Fund's residential properties to effectively compete with similar properties. If similar residential real estate properties were able to attract lessees better than the Fund owned properties, then the net rental income from the Fund may decline in the future as a result of lower demand by lessees. The decrease in the net rental income may reduce the yield distributions to the Unitholders and may cause the value and price of the Units to fall on the Saudi Capital Market.

Educational Sector Investment Risks: The Fund's investments may in the future include real estate investments in the educational sector. Therefore, the performance of investment in this sector may possibly be adversely affected for several reasons, including – without limitation – factors related to supply levels, including increased supply of private and/or public schools, and demand factors, including an economic contraction, as well as imposition of levies and taxes, possible change of laws and regulations governing this sector, including the possibility of cancelling private school licenses. Such factors may adversely affect rental income, resulting in lower yield distributions to Unitholders, which cause the value and price of the Units to fall on the Saudi Capital Market.

Risks of Investing in Properties Outside Saudi Arabia: Investing outside the Kingdom of Saudi Arabia involves many risks, including – without limitation: (1) Effects related to currency exchange fluctuations; (2) certain economic and geopolitical risks; (3) the possibility that the host country may impose taxes on income and gains related to such assets. Such factors may adversely affect rental income, resulting in lower yield distributions to Unitholders, which cause the value and price of the Units to fall on the Saudi Capital Market.

Commercial/Retail Real Estate Market Investment Risks: The Fund may invest in the commercial/retail real estate sector. This involves potential risks, including – without limitation – reduced potential returns as a result of recession or seasonal factors, overall economic conditions restricting the ability of the lessees to pay and leading to lower occupancy rates. All of this adversely affects rental income and may reduce the yield distributions to the Unitholders and cause the value and price of the Units to fall on the Saudi Capital Market.

Hospitality Sector Risks: Fund investments may include in the future real estate investments in the hospitality sector. Investment in the hospitality sector is affected by several factors, including – without limitation – economic factors affecting personal disposable income leading to lower occupancy rates in this sector, supply and demand factors necessitating lower room rates to attract guests particularly in areas characterized by oversupply, sector seasonality, as well as changes in the laws and regulations, particularly in relation to increased taxes and levies. Such factors may adversely affect rental income (if the Fund holds a property in this sector), resulting in lower yield distributions to Unitholders, which cause the value and price of the Units to fall on the Saudi Capital Market.

Industrial and Logistics Sector Investment Risks: The Fund may invest in the industrial and logistics sector. Investing in such properties involves different potential sector related risks, such as possible disruptions of the supply chain, risks of fluctuating raw material prices, risks of lower



quality credit of many of the major clients, risks of factory and warehouse shutdowns for different reasons, including power failure and the outage of other sources of energy, damage to plant and equipment and labor strikes causing the slowdown or complete disruption of production, resulting in material effects on the Fund and the returns to Unitholders.

Office Sector Investment Risks: Fund investments may include in the future real estate investments in the office sector. Investment in the office sector is affected by several factors, including – without limitation – supply and demand factors caused by changes in market and tenant behaviors, higher supply levels as more developers offer properties for office use, lower demand due to macroeconomic factors and unemployment rates. For example, some companies in the Kingdom may adopt policies allowing their employees to work from home or remotely, or the use of shared office space of limited area instead of leasing separate fully equipped offices. In the event the numbers of lessees adopting such policies increase, the Fund may be forced to allocate large capital expenditures to refit the leasable space in office properties, which may adversely affect rental income and decrease yield distributions to Unitholders.

Other Sectors Real Estate Market Risks: Fund investments may include in the future real estate investments in several sectors, including the healthcare, logistics and other sectors. The performance of investments in the real estate sector is highly dependent on changes in supply and demand levels of the relevant real estate segment. The Fund's ability to earn net rental income as well as maintain the real estate value of those properties highly depends on the performance of the real estate market and the performance of the real estate segment, as well as the ability of the Fund's properties to effectively compete with similar properties. In general, if real estate properties similar to the Fund's properties were able to attract lessees better than the Fund owned properties, then the net rental income from the Fund may decline in the future as a result of lower demand by lessees or more intense competition. The decrease in the net rental income may reduce the yield distributions to the Unitholders and may cause the value and price of the Units to fall on the Saudi Capital Market.

Risks of Single Lessee and the Inability to fulfill Lease Obligations: The Fund's real estate assets include at present properties leased to a single lessee. As such, the Fund is exposed to a greater degree of risk in the event any of the lessees fails to fulfill its payment obligations, unlike the property which is leased to several tenants, where the ratio of the rental income from each lessee represents a lower percentage of the total rental income of the Fund. In addition, if any of the lessees fails to pay the rent of any of the Initial Real Estate Assets, the Fund Manager's ability to immediately re-lease any of the properties or to earn satisfactory rental income will be limited, resulting in lower rental revenues of the property. Moreover, the Fund Manager will be forced to make extensive renovations to the properties in order to attract new tenants in the future with the best possible lease terms, thus adversely affecting yield distributions to Unitholders.

Risk of Inability of Lessees to Pay Rents on Lease Agreements Made Before the Fund's Acquisition of the Property: Some of the properties which the Fund may acquire in the future may be occupied by lessees under lease agreements signed before the title of the properties was transferred to the Fund. The Fund may not officially replace the previous owner in the lease agreements of those properties by virtue of a replacement or transfer agreement. The Fund may

rely on notices to be sent by the previous owner of the property to lessees requesting depositing of lease amounts in a bank account as directed by the Fund Manager as the new owner of the properties. This may adversely affect the ability of the Fund to demand payment of rental amounts due, or to collect them in reliance on those notices in the event the lessees fail to pay, which may adversely affect yield distributions to Unitholders.

**Risk of Concentration of Lease Agreements with One Lessee:** The Fund will earn most of its income from amounts received from the Lessee/Property Manager Nadd Arabian Marketing Company in relation to the following Initial Assets: Ahlan Court, BIN II Plaza and Elite Commercial Center. As such, the Fund's financial position, results of operations, cash flow and ability to pay distributions to Unitholders will be adversely affected if the aforementioned lessee fails to pay the agreed upon lease amounts in accordance with the lease agreements signed with the lessee.

Moreover, the Fund's financial position, results of operations, cash flow and ability to pay distributions to Unitholders will be adversely affected in the event fails to immediately re-lease the properties to Nadd Arabian Marketing Company (at the expiry or early termination of the lease agreement) or to renew the lease agreements, or if the rental value at renewal or re-lease is much lower than expected. In addition, the Fund Manager may be forced to make extensive renovations to the said properties in order to attract new tenants in the future with the best possible terms, which would adversely affect yield distributions to Unitholders. There are no assurance that a replacement tenant would be found, or that the terms of any new lease agreement will be equally favorable to the Fund as compared to the existing lease agreement.

Whereas property management is a function of the aforementioned Initial Assets lessee, there is also a risk of reliance of the Fund on the extensive operational support which is expected from the lessee. Therefore, any failure or breach of contractual obligations on the part of the lessee, particularly in relation to the operation and management of the properties, will adversely affect the Fund's operating costs, financial position, results of operations and cash flows.

**Risk of Counterparty Breach of Obligations:** The Fund will be exposed to credit risks related to counterparties doing business with the Fund. The Fund may also be exposed to the risk of settlement resulting from the failure to pay. In addition, the Fund may be totally exposed under certain circumstances, to the risk of counterparty breach of obligation to the Fund, including land owners, property managers, financier banks and/or contractors. Any failure by any counterparty to pay contractual obligations to the Fund may cause the Fund's income to decline, and ultimately affect returns to Unitholders.

**Fluctuating Property Values and General Real Estate Risks:** Investments will be exposed to risks related to the ownership, lease, development and/or re-development of the real estate properties. Such risks include, without limitation, risks related the overall domestic business environment, domestic real estate market conditions, changes in real estate supply and demand levels, shortage of energy supply, as well as various uninsured or uninsurable perils, natural disasters, government regulations and resolutions (including for example rent controls), changes in real estate taxes, changes in yield rates, availability of housing loans which may render the sale or refinancing the properties difficult or impractical, in addition to environmental

obligations and potential obligations related to the disposal of assets, wars and other factors beyond the control of the Fund Manager.

Whereas the real estate market has historically witnessed extensive volatility, it is possible that the Fund may acquire assets during the revival period of the real estate market before any subsequent deterioration occurs which can affect the market value of the Fund's investments.

There can be no assurance of a liquid market for the resale of the investments because the investments in general will not be liquid.

In addition, adverse changes in the operation of any properties or in the financial position of any lessee may have a negative effect on rental payments received by the Fund, and consequently the ability of the Fund to distribute dividend to investors. It is possible that a lessee may from time to time suffer a recession, undermining its financial position and causing its failure to pay rent when due. At any time, any lessee may see protection under applicable bankruptcy or insolvency laws, leading to the rejection or termination of the lease agreement, or any other negative effects, thus reducing the Fund's distributable cash flows. There can be no assurance that the lessees will not file for bankruptcy protection in the future, and in they do, that the lease agreement will remain valid.

Concentration by Real Estate Sector: The assets of the Fund may be concentrated in one particular sector such as residential, commercial, office and/or warehousing real estate sectors. The Fund's concentration of its investments in one or more sectors may expose the Fund to the risk of economic downturns to a greater extent than if the Fund's assets also included many assets across other sectors. As a result, such downturns could have a material adverse effect on the Fund's financial position, results of operations, cash flows, and ability to make dividend distributions to the investors.

Concentration by Geographic Location: The Fund's real estate assets are located in the Kingdom of Saudi Arabia. The Fund has no requirements for diversifying its investments outside the Kingdom of Saudi Arabia. In general, if the Fund concentrates its investments in limited geographic locations, the Fund would be exposed to the risk of economic downturns to a greater extent than if the Fund's assets also included assets across more diverse geographies. As a result, such economic downturns could have a material adverse effect on the Fund's financial position, results of operations, cash flows, and ability to make distributions to the investors.

Real Estate Expropriation Risks: Government authorities can expropriate real properties for public benefit (for example, the construction of highways and public facilities). In practice, the purchase price is usually equal to market value. In case of expropriation, property is acquired after a period of notification, not specified by law as it is adopted pursuant to a specific law. Although compensation may be paid, there is a risk that the level of compensation would not be sufficient in comparison to the size of investments made and the loss of profit or increase in the investment value. If the expropriation risk materializes, yield distributions to the Unitholders may decrease, the value and trading price of the Units on Saudi Tadawul may fall and the Unitholders may lose all or part of their invested capital.



**Risks of Dependence on Rental Income:** The Fund may acquire Investments based on values derived from the income to be received from the tenants. There can be no assurance that vacant spaces will be leased, expiring leases will be renewed or there will be rent increases over time. If a lessee experiences financial distress, it may be unable to make rental payments or renew its lease. Certain lessees may occupy significant portions of the relevant Investments and, accordingly, for so long as the Fund's Investments are concentrated in those assets, the Fund's financial position, results of operations, cash flows, and ability to make distributions to the investors could be materially affected by any adverse conditions impacting those key lessees.

**Development Risks:** Although the majority of the Fund's assets are developed, the Fund may invest in real estate development projects up to 25% of its total asset value according to its last audited financial statements. Real estate development projects in the Kingdom of Saudi Arabia involve several risks. The risks of participating in the building and marketing a new real estate development project include, without limitation: (1) delays in timely completion of construction works; (2) cost overruns; (3) inability to generate lease agreements to forecast levels; and (4) force majeure resulting from factors beyond the Fund's control and which are specific to the construction industry (including adverse weather and environmental conditions and shortage of building materials in the market) which would hinder the completion of the development projects. New project commencement also carries other risks such as obtaining zoning, occupancy and other requisite government approvals and permits, as well as development costs in connection with projects that are not pursued to completion. The successful completion of such projects will have a direct and significant impact on the value of the Units and any failure to complete a project could reduce dividend distributions to investors and the Fund's NAV.

**Building and Development Cost Overrun Risk:** The Fund Manager may develop certain assets using some undeveloped sites by constructing, adding or developing buildings. As such, the costs of building and development of a real estate project may exceed estimates for different reasons, including without limitation, delay caused by industrial disputes, disputes with subcontractors, cost overruns of building materials, equipment and manpower, bad weather conditions, and unforeseen problems and circumstances. There can be no assurance that any of the easing measures taken will succeed in eliminating the risk of large cost overruns, which may cause losses in the investments. In such cases, dependence on contractors may be limited, and any cost overruns will reduce the Fund's returns and the cash distributions available to Unitholders.

**Lack of Building Completion Certificates:** The Fund acquired Home Works Center (The property was sold on 28/03/2024 for 87.6 million Saudi Riyals), Ahlan Court, BIN II Plaza, Elite Commercial Center, Vision Education Colleges – Jeddah and Akun Warehouses. It is noted that no certificates of completion were issued by the municipalities concerned. In addition, the Fund may acquire in the future properties without certificates of completion of building works issued by the municipality concerned. As such, the Fund will be subject to penalties imposed by various government departments due to the failure to obtain a certificate of completion, or for obtaining a certificate of completion which is not reconcile with the relevant building permits. This may have an adverse effect on the Fund's returns and distributions to Unitholders.

Risks of Acquisition of Leaseholds/Usufruct Rights: The Fund will acquire leasehold of properties (the Initial Asset “Gallery Mall”). Failure of the Fund Manager, its advisors or other counterparties to fulfill their obligations related to the leasehold, results in the cancellation of the leasehold and/or imposition of penalties on the Fund. The leasehold is also cancelled in the event a government department needs the property for public use. In the event the contract is cancelled and/or if the counterparty fails to fulfill its contractual obligations to the Fund, the Fund’s income will be reduced and adversely affect the returns of the Fund.

Risks Related to Building, Operation and Transfer Arrangements: The Fund will acquire leasehold of properties, including arrangements for building, operation and transfer (for example the Initial Asset “Gallery Mall”). In this event, the investment may involve risks related to payment of penalties or the cancellation of arrangements related to building, operation and transfer with the property owner if the leaseholder (the Fund) is unable to comply with the contractual requirements of the property or the related arrangements. This could have an adverse effect on the performance of the Fund and result in large losses. Additional demands by relevant government authorities related to the property building and operation arrangements may result in increased development costs and extended performance period, thus delaying the development works and adversely affecting the returns of the Fund.

Financing and Mortgage Risks: The Fund will be financed by bank facilities, which heightens the level of risks to the Fund and adversely affects the Fund’s income, or result in the loss of the original capital and as such the decline of the market value of the Units. Increases and decreases of the value of the Fund’s real estate assets escalate when the Fund resorts to financing. For example, financing causes random changes in the Fund’s NAV, or the Fund incurring a loss exceeding its investment. Use of financing creates an opportunity to increase returns, but at the same time, involves a high degree of financial risk, exposes the Fund and its investments to other factors, such as higher cost of financing and economic downturns. Moreover, the Fund’s assets will be mortgaged in favor of a financier in accordance with the credit facilities agreement and applicable laws. As such, the financier may claim the assets immediately upon any failure to pay on the part of the special purpose company and/or the Fund (according to the conditions stipulated in the financing documents). This enables the financier to sell the mortgaged asset in order to recover the amounts which are due and payable under the financing agreement, thus adversely affecting the Fund’s rental income from the mortgaged property.

A circular was recently issued by the Saudi Central Bank on 26.8.1438H requiring the documentation of the real estate mortgages in an official record instead of following the current transfer process. However, no sufficient funds are available to the Fund Manager on the proposed new mortgage process, and therefore it is difficult to assess the risks of registration of the mortgage until mortgages are widely registered in the real estate market.

An account will be opened with the financier bank in the name of the Custodian Company of the Fund’s assets at the financier bank, in which all rents of the Fund’s real estate properties will be collected, and out of which all the financing payments due and payable shall be paid to the financier bank as agreed between the Fund Manager and the financier bank. As such, the financier may claim rents in the event of any default on the part of the special purpose company and/or the Fund (according to the conditions stipulated in the financing documents). This

enables the financier to withhold and withdraw the rents in order to recover the amounts which are due and payable under the financing agreement, thus adversely affecting the Fund's returns and ability to pay target cash distributions.

As at the date of these Terms and Conditions, the following Fund Assets were mortgaged to the Financier (Al Rajhi Bank):

- Almalga Residential Compound
- Palazzo Center
- Ahlan Court
- Home Works Center (The property was sold on 28/03/2024 for 87.6 million Saudi Riyals)
- BIN II Plaza
- Elite Commercial Center
- Elegance Tower
- Al-Farabi Colleges
- Al-Farabi Colleges Training Building

Therefore, the financier may claim the assets immediately upon any default of payment on the part of the special purpose company and/or the Fund (according to the conditions stipulated in the financing documents). This enables the financier to sell the mortgaged property or to acquire the property in order to recover the amounts which are due and payable under the financing agreement, thus adversely affecting the Fund's rental income from the mortgaged property and/or the proceeds of the sale of the property.

Some of the Fund Real Estate Properties are Registered in the Name of a Financier: Some of the real estate assets which were/will be acquired by the Fund are mortgaged to financier banks (Elegance Tower asset) by way of registration of the title deed in the name of a subsidiary of the financier bank concerned, as security of the obligations of the current owner under the facilities agreement signed with the financier bank concerned. In spite of the no objection of the financier banks to release the mortgage of the aforementioned real estate assets in return for alternative securities or repayment of the outstanding debt, there can be no certainty that this will be carried out in the right way and at the right time, thus adversely affecting the Fund's financial position, cash flow and results of operations.

Risks of Actions Taken by Competitors: The Fund competes with other owners, operators and developers of real estate in Saudi Arabia, some of which may own properties similar to Fund's properties in the same submarkets. If the Fund's competitors lease residential and/or commercial space similar to the Fund's properties or sell assets similar to the Fund's properties at valuations below the Fund's valuations for comparable assets, the Fund may be unable to lease its commercial and residential space at favorable pricing, on favorable terms or at all. As a result, the Fund may incur additional costs and expenses for the purposes of maintaining the properties and also be exposed to loss of potential income due to failure to lease or use the underlying properties. As such, the projected income or expected returns to Unitholders may be adversely affected.

Risks of Fund Disclosures upon Property Disposal: In connection with the disposition of Fund Investments, the Fund may be required to make disclosures about the business and financial

affairs of the Investment typical of those made in connection with the sale of any real estate property, and may be required to indemnify the purchasers of the Investments to the extent that any such disclosures are inaccurate. These arrangements and compensations (if due) may result in reduced returns to Unitholders.

In addition, the Terms and Conditions stipulate that the Fund will indemnify the Fund Manager, its affiliates, including their officers, directors, partners, employees, shareholders, members and other agents, for certain claims, losses, damage and expenses arising in any way whatsoever in connection with their obligations to the Fund, excluding where this occurs as a result of any fraud, gross negligence or willful misconduct by the party concerned. Such indemnification obligations could materially impact the returns to investors.

Risks of Inability to Exit from the Fund's Investments on Advantageous Terms: The Fund will divest itself of its properties and other assets when the Fund Manager believes it is the appropriate time to sell. The Fund's ability to dispose of properties on advantageous terms depends on factors beyond its control, including competition from other sellers and potentially the availability of attractive financing for potential buyers. If the Fund is unable to dispose of its assets on favorable terms or on time, then its financial position, results of operations, cash flows and ability to distribute dividends to the Unitholders will be adversely affected.

Risks of the Lessee's Inability to fulfill Lease Obligations: The Fund's results would be adversely affected if a significant number of the Fund's lessees were unable to meet their lease obligations. In addition, if a lessee seeks the protection under bankruptcy, insolvency or similar laws, such tenant's lease may be terminated in the process and result in a reduction of cash flow to the Fund. In the event of a significant number of lease defaults and/or tenant bankruptcies, the Fund's cash flows and ability to make distributions to the Unitholders would be adversely affected.

Risks of Lack of Guarantees for the Lessees Payment of Rents: The lease agreements of Almalga Residential Compound, Palazzo Center and Home Works Center do not provide securities for payment of rents. As such, the Fund would be adversely affected in lessees fail to fulfil their lease obligations. However, promissory notes were obtained from the lessees of Gallery Mall, Ahlan Court, BIN II Plaza and Elite Commercial Center. Nevertheless, the Fund may not be able to collect the values of those notes. Therefore, the Fund's cash flows and ability to make distributions to the Unitholders would be adversely affected.

Risks of Possible Inability to Renew Leases or Re-lease Spaces as Leases Expire: The Fund will derive most of its income from rent received from the lessees of the properties. Accordingly, the Fund's financial position, results of operations, cash flows and ability to distribute dividends to Unitholders would be adversely affected if the Fund is unable to immediately re-lease properties or renew expiring leases, or if the occupancy rate is significantly lower than expected. For example, this applies to Almalga Residential Compound, where the lease is extended for eight out of the eighteen leased buildings of the property, which results in lowering the rental income of the property until a stable occupancy rate is reached. Therefore, the Fund will endeavor to market the property and seek new tenants to replace the current lessee of the other ten buildings.



Upon the expiry of any lease agreement, there can be no assurance that the lease will be renewed or that a replacement lessee will be found. The terms of any subsequent lease agreement may be less favorable to the Fund than the existing lease agreement. In the event of default by a lessee, the lessor may experience delays or limitations in enforcing rights and incur substantial costs in protecting the Fund's investments. Further, the Fund's ability to lease the leasable area and the rents that it can charge are impacted, not only by lessee demand, but also by the number of other properties it has to compete with to appeal to lessees.

Risks of Early Termination of the Lease Agreement: The Lessee may terminate the lease before the end of its term subject to certain conditions. As such, the Fund's financial position, results of operations, cash flows and ability to make distributions to investors would all be adversely affected if the Fund is unable to re-lease the vacant spaces immediately or renew the lease agreements, or if the rent upon renewal or re-lease is significantly lower than expected. Moreover, the Fund's ability to re-lease vacant spaces and the rental income it receives are affected, not only by lessee demand, but also by the number of other properties competing with the Fund's properties to attract lessees. The Fund Manager may be forced to make extensive renovations of the properties in order to attract new lessees with the best possible terms, which may adversely affect the returns distributed to Unitholders. There can be no assurance that a replacement tenant would be found. The terms of any new lease agreement may also be less favorable to the Fund than the existing lease agreement.

Risks of Operators or Property Managers: The Fund will use a company(ies) to exclusively operate and manage the real estate properties, and will rely of the expertise of this company(ies) to operate and lease the properties. The revenues of the developed properties will heavily depend on the ability of the operator or property manager to lease, collect rents and maintain good relations with lessees. Moreover, the operator may use a number of contractors to provide services, such as security, cleaning, maintenance and other services. Therefore, any negligence or discrepancy in the level of service provide by the operator or contractors for any reason whatsoever, or the operator's failure to efficiently manage the contractor, may have a direct and adverse effect on the Fund's performance, financial position and ultimately Unit Price.

Risk of Uninsured Losses: The Fund will carry insurance coverage, compliant with the Shari'a Guidelines of the Shari'a Supervisory Committee, of all the properties owned and managed by the Fund. The insurance may not cover particular losses, as losses caused by storm, floor or earthquake, subject to certain limitations, including large deductibles, co-payments, policy limits and delay in collecting claims. Thus, the Fund may incur material losses in excess of insurance proceeds and may not be able to continue to obtain insurance coverage at commercially reasonable rates. If the Fund experiences a loss that is uninsured or that exceeds its insured limits with respect to one or more of the properties, then it may lose the capital invested in the damaged properties, as well as the projected future revenue of those properties. Any such loss is likely to adversely affect the Fund's financial position, results of operations, cash flows, ability to make distributions to the investors, and the Unit's trading price on the exchange.

Risks of Accurate Valuation of the Properties and Rents: In addition to the valuations carried out by two independent valuers, the Fund Manager may use internal valuations in many cases in relation to the Fund. The valuations performed by the Fund Manager will only be an estimate of the value and rent of a property, and are not a precise measure of the value/rent that may be

obtained in connection with the sale/lease of that property, which is based on negotiations between the parties (the buyer and the seller / the lessor and the lessee). The final verification of the property market value depends to a great extent on economic and other conditions beyond the control of the Fund.

If the Fund decides to liquidate its assets, the realized value may be more or less than the estimated valuation of such assets. In periods of economic volatility, in which there is a perceived greater uncertainty as to value estimates and fewer comparable transactions in the market against which value can be measured, the difference between the estimated value for a real estate asset and the ultimate market value for that asset may increase.

In addition, relative uncertainty as to cash flows in a distressed market can adversely affect the reliability of property value and rent estimates and the negotiations between the parties (the buyer and the seller / the lessor and the lessee), and hence ultimate returns to Unitholders.

Risks of Inequality in Obtaining Information: The Fund may issue up to 70% of its Units to the current owners of the property which is acquired by the Fund as an in-kind contribution. As such, risks may arise where a group existing property owners receive material information which the Fund Manager is not aware of, or does not know that such information is material. Hence, the Fund Manager may not be able in certain instances to make decisions by considering all material information related to the property, and therefore any wrong decision may have an adverse effect on the results of operations of the Fund.

Risks of Investing in Murabaha Funds, Listed Equity and Other Real Estate Funds: The Fund may invest in Saudi Riyal Murabaha transactions with local Saudi banks or in listed equity of real estate companies, compliant with the Shari'a Guidelines of the Shari'a Supervisory Committee. or other real estate investment traded funds compliant with the Shari'a Guidelines of the Shari'a Supervisory Committee. The value of these types of investments may fall as they are not bank deposits. In addition, there are risks associated with Murabaha transactions arising from business activities involving dealings in illiquid financial instruments, whose clearance and payments do not fall under a regulated clearing house or stock exchange, which may adversely affect cash distributions and the market value of Units.

Impact of Government Policies on the Saudi Real Estate Market: The government has recently imposed a tax on the white lands in the Kingdom. The tax, known as the "white land tax", provides an incentive to other developers to develop undeveloped plots of land, but may also result in increased competition in the real estate market, which would have an effect on the ability of the Fund to generate net rental income and maintain the value of the properties. If similar properties succeed in attracting lessees more than the Fund owned properties, the Fund's net rental revenues would decline in the future as a result of lower demand by lessees.

Currency Exchange Risks: The Fund may invest in assets and financial instruments in different currencies. Investments in foreign securities involve other considerations, including fluctuations in exchange rates between the Saudi Riyal and the different foreign currencies of the Fund's investments and the costs associated with the conversion of the return on investment from one currency to another.



**(c) Other Risk Factors:**

Legal Status Risk: The Fund is a contractual arrangement between the Unitholders and the Fund Manager. Such contractual arrangement is regulated and supervised by the CMA. The Fund does not have its own legal personality as such and the Fund may not be upheld by a Saudi government legislative agencies or Saudi courts due to the lack of clarity of the Fund's legal entity, which may expose the Fund to losses directly reflecting on the market price of the Fund's Units.

Legal and Regulatory Risks: The information in these Terms and Conditions is based on existing published legislation. Legal, regulatory and other changes may occur during the Fund's Term which could have an adverse effect on the Fund or its Investments. The Fund may have limited legal recourse in the event of a dispute, and protection of the Fund's rights may have to be pursued in the courts of the Kingdom. Enforcement of leases and other contracts through the judicial system in the Kingdom is a difficult and lengthy process, and outcomes are unpredictable. Any changes to existing legislation or failure by governmental departments to apply such legislation may adversely affect the Fund.

Government Levies Risks: The government recently applied a number of economic reform policies, which include levies and taxes imposed on individuals and/or private sector enterprises, including levies on white lands referred to above. As such, legal and regulatory changes may occur in the Kingdom or abroad during the Fund's Term resulting in the imposition of other government levies. Whereas the Fund is responsible for payment of any government levies which may be imposed in the future by government departments, the Fund and its investments may be adversely affected.

Saudization Risk: Different government departments require the employment of a certain percentage of Saudi citizens in the Fund's investment sectors. It is unclear at this point to what extent the Fund and its investments will be required to implement such policies or to apply Saudization percentages in excess of what is currently applied. Saudization may require the hiring of additional employees or the provision of additional training, which would entail higher operating costs, which would be deducted from the Fund's net income and hence reduce the net profits available for distribution to Unitholders.

Zakat and Income Tax Risks: Investment Funds, including real estate investment traded funds, fall within the definition of capital companies in accordance with zakat and income tax regulations of the Kingdom of Saudi Arabia. Therefore, it is possible to interpret this as requiring the Fund to register with the ZATCA and to fulfill income tax or zakat obligations. Nevertheless, ZATCA to date did not impose tax or zakat on investment funds or unitholders regulated by the Capital Market Authority, in spite of the fact that there is no official regulation exempting the Fund from zakat or tax. While ZATCA did not follow up the collection of tax and zakat obligations from Saudi funds, this does not mean that ZATCA will not change its approach and decide to impose tax on investment funds in the future with retroactive effect, which may result in delay penalties being imposed for late payment of income tax/zakat. Payment of such taxes (and related late payment penalties) may reduce the cash amounts available for the Fund's operations and the potential distributions to Unitholders. The Fund Manager shall comply with the "Rules of Zakat Collection from Investors in Investment Funds", as amended from time to

time. The Fund Manager also undertakes to register the Fund with the Zakat, Tax and Customs Authority (ZATCA) for the purposes of zakat and filing requisite returns in accordance with CMA Rules and Regulations, as amended. The responsibility for the calculation and payment of zakat falls upon the Fund Unitholders. The Fund may not in any way be held liable in this respect. In addition, the Fund Manager undertakes to provide ZATCA with all requisite information declarations within a period not exceeding 120 days as of the end of the Fund's zakat year. The Fund Manager will also provide Unitholders upon request with requisite information to calculate their respective tax bases in accordance with the Rules. Zakat paying investors subject to these Rules holding Fund Units are required to calculate and pay zakat on those investments. The Fund Manager shall also notify ZATCA of the termination of the Fund within 60 days after the date of termination. ZATCA rules are available at the following URL:  
<https://zatca.gov.sa/en/Pages/default.aspx>

Tax Risks: Investing in the Fund involves various tax risks which are not clearly known at the present time. The Fund's payment of taxes will reduce cash amounts available for the Fund's operations and the potential distributions to Unitholders. Taxes incurred by investors will reduce returns on their investments in the Fund. Prospective investors should consult their tax advisors in respect of taxes payable on investing in the Units and on acquiring and selling them.

Risks of Government Policies on Treatment of Expatriates in the Kingdom: Changes in expat levy and taxes on expat remittances, as well as the imposition of any new taxes on expats and their dependents result in the departure of large numbers of expats and their dependents from the Kingdom, which reduces the Fund's income, lowers demand on Fund properties, and adversely affects cash distributions and market value of the Fund Units.

Risks of Value-Added Tax: As at the date of issue of these Terms and Conditions, investment in the Fund is not subject to any withholding tax, capital gains tax or any other related tax. However, a value added tax (VAT) was applied in the Kingdom as of January 2018.

In accordance with Article (17) of the Implementing Regulations of the Value Added Tax (Transactions beyond the scope of the tax – Transport of an business activity), the taxpayer's transport of goods and services forming part of its business activity is not treated as supply of goods and services by that taxpayer, subject to the following conditions:

- The goods and services transported are capable of operation as a separate business activity, and the recipient of such goods and services uses them immediately after their transport in the same business activity.
- The recipient must be a taxable person or will be a taxable person as a result of the transport process.
- The supplier and the recipient agree in writing that they intend that the transport be considered a transport for a business activity for the purposes of these Implementing Regulations of the Value Added Tax.

As such, the Fund Manager did not calculate VAT on the acquisition value of the Initial Assets and the first and second additional assets, based on the tax advice received by the Fund Manager from the tax advisor.



However, it should be noted that ZATCA may find that it has the right to re-apply tax to this transaction. This cannot be predicted, and will not become known until ZATCA carries out of the actual review of the transaction, as there are no similar previous cases which can be used for guidance, given the recent introduction of these regulations in the Kingdom.

In general, if the provisions of Article (17) of the VAT Implementing Regulations, as amended from time to time, do not apply, and if the real estate asset acquisitions are subject to VAT, the paid tax would be reimbursable in cash from ZATCA in accordance with Article (69) of the VAT Implementing Regulations (Reimbursement of Excess Tax Payment), as amended from time to time, or deducted from future tax returns in accordance with Article (49) (Deduction of Input Tax) of the VAT Implementing Regulations, as amended from time to time.

If ZATCA decides to apply VAT to the aforementioned Fund acquisitions, thus obliging the Fund to pay VAT out of its own resources, the Fund's cash distributions may be adversely affected significantly when paying this tax. It is noted that the Fund pays tax on the income of the Fund's commercial properties.

The Fund Manager and Fund services providers are expected to be subject to VAT, and as such, payments to the Fund Manager and/or Fund service providers are expected to be amended taking VAT into consideration.

**Real Estate Transaction Tax Risks:** The Fund is subject to real estate transaction tax effective as of 4 October 2020, at a percentage of the property to be sold or transferred by the Fund, irrespective of the property's conditions or form, including land and structures built or constructed on it. The tax is payable unless exemptions provided in the Real Estate Transaction Tax Implementing Regulations issued by Royal Order No. (A/84) dated 14.2.1442H, are applied. The tax is paid before or after the transfer of title or notarization of the contracts. In the event the real estate transaction tax is applied to any property sold by the Fund, the Fund shall pay a tax equal to a percentage of the value of the property to ZATCA, which may adversely affect returns to the Fund and Unitholders.

**Withholding Tax Risks:** Under Saudi tax laws, payments by a resident person (whether a taxpayer or not) to a non-resident person, are taxable. Therefore, payment of profits of an investment fund, including a real estate investment traded fund, to a non-resident shareholder, is subject to a withholding tax of 5%. Under current practices, investment funds are not subject to any taxes (including the withholding tax) on payments made by the fund to unitholders. There are not official directives issued by ZATCA concerning this process. As such, any withholding tax on the Fund's distributions would reduce the Fund's investment returns. Prospective investors should consult their own tax advisors in respect of the tax effects on investing in the Units, holding them and disposing of them.

**Risks of Government and Municipality Approvals:** The Fund may fail to achieve its investment objectives in case any applicable municipal approval or consent is denied or not granted on acceptable or reasonable terms. In such case, the Fund may not be able to complete an investment or may not be able to complete the development of a real estate property which may negatively affect the value of Units as expected proceeds of development will not be earned on time.

**Risks of Third Party Litigation:** Given the nature of its activities, the Fund may become involved in legal proceedings with third parties. In such case, the Fund may have to pay legal costs related to defending against claims by third parties, in addition any amounts pursuant to settlements or judgments, which would reduce the Fund's assets and cash available for distribution to Unitholders. The Fund Manager and others are entitled to indemnification by the Fund in connection with such litigation, subject to certain limitations.

**Risks of Liability and Indemnification Limitation:** These Terms and Conditions limit the circumstances under which the Fund Manager, its shareholders, directors, officers, employees, advisors and subsidiaries and affiliates can be held liable to the Fund. As a result, investors may have a more limited right of action in certain cases than they would have in the absence of such a limitation. In addition, the Terms and Conditions provide that the Fund will indemnify the Fund Manager and its affiliates for certain claims, losses, damages and expenses arising out of their actions on behalf of the Fund. Such indemnification obligations could negatively impact the returns to Investors. Nevertheless, the investor's obligations to the Fund shall not exceed the sum invested in the Fund.

**Sovereign and Political Risks:** The value of the Fund and its investments may be negatively affected by political and diplomatic developments, social instability, changes in government policies and other political and economic developments.

**In-kind Dividends:** Subject to compliance with regulatory requirements, the Fund may distribute in-kind dividends of real estate or interests in other companies in the event of winding up the Fund. In the event of distribution of in-kind dividends, Unitholders may receive interests in a company or property that is difficult to be disposed of and liquidated. The distribution of in-kind dividends in the form of assets may create costs and administrative burdens which investors would not have incurred if the Fund distributed cash dividends.

**Forward-Looking Statements:** These Terms and Conditions contain forward-looking statements relating to future events or the future performance of the Fund. In some cases, forward-looking statements can be identified by terminology such as "anticipate," "believe," "continue," "estimate," "expect," "intend," "may," "plans," "projects," "should," "will," the negative of such terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. In evaluating these statements, investors should specifically consider various factors, including the risks outlined in Clause (10) of these Terms and Conditions titled "Risks of Investing in the Fund". These factors may cause actual events or results to differ materially from any forward-looking statement. The Fund Manager is under no duty to update any of the forward-looking statements after the date of these Terms and Conditions to conform such statements to actual results or to changes in expectations. The foregoing risk factors do not purport to be a complete or exhaustive explanation and summary of all the risk factors involved in an investment in Fund Units. It is strongly recommended that all prospective investors seek independent advice from their own professional advisors.

- (b) An investment in the Fund does not entail any guarantee that such investment shall be profitable or that an investor shall not incur any loss. As such, each prospective investor shall take into account each of the aforementioned risk factors prior to purchasing units in the Fund. Investors shall solely bear full responsibility for any financial loss resulting from an investment in the Fund unless such loss is due to a fraud, gross negligence, or willful misconduct of the Fund Manager, in accordance with the Real Estate Investment Funds Regulations.

## 11. Subscription

### **1) Providing Sufficient Information on the Subscription, including Subscription Starting and Closing Dates**

Following is a summary of key information:

#### **Subscription in the Initial Public Offering and the Initial Offering Period**

66,442,386 Units were offered at an Initial Offering Price of SAR 10 per Unit to raise SAR 664,423,860 (Fund's Capital after the Initial Offering), which is the target amount to be collected through the Initial Offering, by:

- (1) Offering 42,687,900 Units to the sellers of the Initial Real Estate Assets for their in-kind contribution (equivalent to SAR 426,879,000)
- (2) Offering SAR 23,754,486 Units to the Public (equivalent to SAR 237,544,860).

The Units were offered through the Initial Offering pursuant to the Real Estate Investment Funds Regulations, during the Initial Offering Period running for 15 business days commencing on 03/03/1440, corresponding to 11/11/2018, and ending on 21/03/1440, corresponding to 29/11/2018 (the Initial Offering Closing Date).

#### **Subscription in the First Subsequent Offering and the First Subsequent Offering Period**

The Fund's total asset value was increased by issuing the First Subsequent Units totaling 36,528,627 Units, issued at Par Value of SAR 10 per Unit. Thus the Par Value of the Fund's capital increase equals SAR 365,286,270.

Based on the pricing mechanism of the Subsequent Units, the First Subsequent Units were offered at a Subscription Price of SAR 8.9054 per Unit. Thus, the total value of the First Subsequent Units at the Subscription Price (Total Value of the Subscription) equals SAR 325,302,022, totaling 36,528,627 Units.

The total value of the First Subsequent Units by way of the First Subsequent Offering was obtained through:

- (1) Offering 32,732,950 Units to the sellers of the First Additional Real Estate Assets for their in-kind contribution, equivalent to SAR 327,329,500 (using the Par Value).
- (2) Offering SAR 3,795,677 Units to investors for their in cash contribution, equivalent to SAR 37,956,770 (using the Par Value).

Thus, the Fund's capital following the First Subsequent Offering equals SAR 1,029,710,130, with a total number of Fund Units equal to 102,971,013 Units (using the Par Value).

The First Subsequent Units were offered through the First Subsequent Offering pursuant to the Real Estate Investment Funds Regulations, during the First Subsequent Offering Period running for 10 business days commencing on 28/11/1441, corresponding to 19/07/2020, and ending on 16/12/1441, corresponding to 06/08/2020 (the Subsequent Offering Closing Date).

#### **Subscription in the Second Subsequent Offering and the Second Subsequent Offering Period**

The Fund intends to increase its total asset value by issuing the Second Subsequent Units (Second Subsequent Units) totaling 38,037,835 Units, to be issued at Par Value of SAR 10 per Unit. Thus the Par Value of the Fund's capital increase will be equal to SAR 380,378,350.

Based on the pricing mechanism of the Subsequent Units, the Subsequent Units will be offered at the target Subscription Price of SAR 8.8201 per Unit. Thus, the total value of the Second Subsequent Units at the target Subscription Price (Total Value of the Subscription) will be equal to SAR 335,497,508, totaling 38,037,835 Units.

In the event the target Subscription Price is lower than the Par Value, the difference will be recorded as a discount in the Unitholders' Net Assets section of the Balance Sheet.

In the event the target Subscription Price is higher than the Par Value, the difference will be recorded as a premium in the Unitholders' Net Assets section of the Balance Sheet.

The total value of the Second Subsequent Units by way of the Second Subsequent Offering is to be obtained through:

- (1) Offering 22,301,335 Units to the sellers of the Second Additional Real Estate Assets for their in-kind contribution, equivalent to SAR 223,013,350 (using the Par Value).
- (2) Offering SAR 15,736,500 Units to investors for their in cash contribution, equivalent to SAR 157,365,000 (using the Par Value).

Thus, the Fund's capital following the Second Subsequent Offering will be equal to SAR 1,410,088,480, with a total number of Fund Units equal to 141,008,848 Units (using the Par Value).

### Subsequent Units Pricing Mechanism

The Target Subscription Price is relevant to the Second Subsequent Units for requesting the increase of the Fund's Total Asset Value by way of offering the Second Subsequent Units. The Unit Price will be adopted based on the Weighted Average Unit Price (on the basis of the trading volume and the Closing Price for the last 20 trading days before the issue of CMA's approval), subject to not exceeding the Net Asset Value per Unit as per the last audited pro forma financial statements dated 30 September 2020, which amounts to SAR 8.8201 per Unit. This means that the Target Subscription Price will be calculated based on the lower value.

Whereas the Weighted Average Closing Price for the last 20 trading days before the issue of CMA's approval is greater than the Net Asset Value per Unit as at 30 September 2020, amounting to SAR 8.8201, then the Net Asset Value per Unit will be adopted as at 30 September 2020 to represent the Target Subscription Price.

For more details on how to calculate the Target Subscription Price, See Appendix (8).

### Details on How to Treat Fractional Shares or Units (if any)

The Fund Manager will sell fractions of Subsequent Units resulting from the capital increase and will deposit the proceeds of the sale of fractional Subsequent Units directly in the investment accounts of the Shareholders concerned.

### Eligible Investors

Subscription for Units is only made available to the following categories of investors: (a) natural persons; (b) corporations, companies, investment funds and other legal entities existing in the Kingdom of Saudi Arabia; and (c) other investors eligible to acquire listed equities on the Saudi Stock Exchange (Tadawul).

The Fund Manager is entitled to fully or partially reject the subscription of any investor in the Fund if such subscription would be in contravention of these Terms and Conditions, the Real Estate Funds Regulations, or any other regulations adopted from time to time by the CMA or other regulatory authorities.

The Fund Manager shall take all such steps to ensure that at all times:

- (a) The Fund shall have a minimum of 200 Unitholders from the public; and
- (b) At least 30% of the total number of Units is held by Unitholders from the public.



### Ownership Structure of the Fund Investors

The number and percentages of public and non-public investors in the Fund are as follows:

Ownership Structure of the Fund Investors after the Initial Offering		
	Number of Units	Percentage
Non-Public	42,733,866	64.32%
Public	23,708,520	35.68%
<b>Total</b>	<b>66,442,386</b>	<b>100%</b>

Ownership Structure of the Fund Investors after the First Subsequent Offering*		
	Number of Units	Percentage
Non-Public	63,047,461	61.23%
Public	39,923,552	38.77%
<b>Total</b>	<b>102,971,013</b>	<b>100%</b>

\* According to the Unitholders' Register as at 02.11.2020

Ownership Structure of the Fund Investors after the Second Subsequent Offering*		
	Number of Units	Percentage
Non-Public	73,251,427	51.95%
Public	67,757,421	48.05%
<b>Total</b>	<b>141,008,848</b>	<b>100.00%</b>

\* According to the Unitholders' Register as at 02.11.2020

### In-Kind and In-Cash Subscriptions

The number and percentages of in-kind and in-cash subscriptions in the Fund are as follows:

In the Initial Offering		
	Number of Units*	Percentage
Cash Subscription	23,754,486	35.75%
In-Kind Subscription	42,687,900	64.25%
<b>Total</b>	<b>66,442,386</b>	<b>100%</b>

In the First Subsequent Offering		
	Number of Units*	Percentage
Cash Subscription	3,795,677	10.39%
In-Kind Subscription	32,732,950	89.61%
<b>Total</b>	<b>36,528,627</b>	<b>100.00%</b>

In the Second Subsequent Offering		
	Number of Units*	Percentage
Cash Subscription	15,736,500	41.37%
In-Kind Subscription	22,301,335	58.63%
<b>Total</b>	<b>38,037,835</b>	<b>100%</b>



Total after the increase of the Fund's total asset value		
	Number of Units*	Percentage
Cash Subscription	43,286,663	30.70%
In-Kind Subscription	97,722,185	69.30%
<b>Total</b>	<b>141,008,848</b>	<b>100.00%</b>

\* The Par Value is used for the Subsequent Units (SAR 10 per Unit)

**(b) Detailed Statement of Information on Property Owners who will Subscribe In-Kind in the Fund, their Percentage Ownership Shares, and a Table Showing the Percentage Ownership of All Subscribers**

**In-Kind Subscription in the Initial Offering**

The sellers of the Initial Real Estate Assets received Units during the Initial Offering Period for their in-kind contribution of the Initial Real Estate Assets to the Fund. The value of their in-kind contribution totaled SAR 426,879,000 (Par Value). The sellers of the Initial Real Estate Assets received 42,687,900 Units. The names and value of the Units of the Unitholders who subscribed in-kind in the Initial Offering, are as follows:

In-Kind Subscription Property	Subscriber's Name*	Number of Units	Par Value of Units (SAR)	Percentage of Total Units before any increase in the Fund's total asset value (%)
<b>Almalga Residential Compound</b>	Alkhabeer Saudi Real Estate Income Fund I	18,687,900	186,879,000	28.12%
<b>Gallery Mall</b>	Asala Alkhaleej for Development and Investment	6,250,000	62,500,000	9.41%
<b>Ahlan Court</b>	Mr. Mohammed Saleh Binladin	3,800,000	38,000,000	5.72%
<b>BIN II Plaza</b>	Ladin Holding Co.	4,000,000	40,000,000	6.02%
<b>Elite Commercial Center</b>	Ladin Holding Co.	9,950,000	99,500,000	14.98%
<b>Total</b>		<b>42,687,900</b>	<b>426,879,000</b>	<b>64.25%</b>

\*Please read the remarks shown in the table below

In-Kind Subscription Property	Subscriber's Name	Shareholder's Name	Percentage Shareholding in the Company (Subscriber) (%)	Remarks
Almalga Residential Compound	Former Unitholders of the expired	1. Other Unitholders (71 Unitholders)	74.79%	- For more detail, see the table titled "Representations and Disclosures" of the Initial Asset





	Alkhabeer Saudi Real Estate Income Fund I	2. Alkhabeer Capital	25.21%	Almalga Residential Compound, and Clause (25) of these Terms and Conditions titled "Conflict of Interest". - The "Subscriber's Name" in this case is the "Unitholder" of expired Alkhabeer Saudi Real Estate Income Fund I; the percentage shareholding represents the percentage shareholding in the said expired Fund
Gallery Mall	Asala Alkhaleej for Development and Investment	1. Yousef Suliman Al-Qadeebi	38.4%	None
		2. Bader Suliman Al-Qadeebi	25.2%	
		3. Sattam Suliman Al-Qadeebi	18.6%	
		4. Khalid Suliman Al-Qadeebi	9.4%	
		5. Yousef Suliman Al-Qadeebi	8.4%	
Ahlan Court	Mr. Mohammed Saleh Binladin	-	100%	None
BIN II Plaza	Ladin Holding Company	1. Mohammed Saleh Binladin	22.2%	None
		2. Abdullah Saleh Binladin	22.2%	
		3. Ghaith Saleh Binladin	22.2%	
		4. Mariam Saleh Binladin	11.1%	
		5. Azza Saleh Binladin	11.1%	
		6. Albatoul Saleh Binladin	11.1%	
Elite Commercial Center	Ladin Holding Company	1. Mohammed Saleh Binladin	22.2%	None
		2. Abdullah Saleh Binladin	22.2%	
		3. Ghaith Saleh Binladin	22.2%	
		4. Mariam Saleh Binladin	11.1%	





		5. Azza Saleh Binladin	11.1%	
		6. Albatoul Saleh Binladin	11.1%	

### **In-Kind Subscription in the First Subsequent Offering**

The sellers of the First Additional Real Estate Assets received Units for their in-kind contribution of the First Additional Real Estate Assets to the Fund. The value of their in-kind contribution totaled SAR 327,329,500. The sellers received 32,732,950 Units (using the Par Value of the Subsequent Units of SAR 10 per Unit). The names and value of the Units of the Unitholders who subscribed in-kind in the First Subsequent Offering, are as follows:

In-Kind Subscription Property	Subscriber's Name*	Number of Units	Par Value of Units (SAR)	Percentage of Total First Subsequent Units (%)	Percentage of Total Units After the increase in the Fund's total asset value by way of the First Subsequent Offering (%)
<b>Elegance Tower</b>	Al Saedan Real Estate Company	17,292,879	172,928,790	47.34%	16.79%
<b>Al-Farabi Colleges</b>	Al-Maqsad Real Estate Company	11,790,600	117,906,000	32.28%	11.45%
<b>Al-Farabi Colleges Training Building</b>	Al-Maqsad Real Estate Company	3,649,471	36,494,710	9.99%	3.54%
<b>Total</b>		<b>32,732,950</b>	<b>327,329,500</b>	<b>59.61%</b>	<b>31.79%</b>

\*Please read the remarks shown in the table below

It is noted that the sold the First Additional Real Estate Assets are owned by the below named Shareholders:

In-Kind Subscription Property	Subscriber's Name	Shareholder's Name	Percentage Shareholding in the Company (Subscriber) (%)	Remarks
Elegance Tower	Al Saedan Real Estate Company	1. Ibrahim bin Mohammed bin Abdullah bin Saedan	64.23%	None
		2. Badr Bin Ibrahim Bin Saeedan & Sons Investment Company	5.77%	
		3. Ahmed bin Ibrahim bin	5.00%	



		Mohammed bin Saedan		
		4. Mohammed bin Ibrahim bin Mohammed bin Saedan	4.69%	
		5. Lynn bint Mohammed bin Ibrahim bin Saedan	0.15%	
		6. Talia bint Mohammed bin Ibrahim bin Saedan	0.15%	
		7. Noura bint Abdullah bin Mohammed Al Salouli	2.50%	
		8. Nouf bint Ibrahim bin Mohammed bin Saedan	2.50%	
		9. Hind bint Ibrahim bin Mohammed bin Saedan	2.50%	
		10. Amal bint Ibrahim bin Mohammed bin Saedan	2.50%	
		11. Manal bint Ibrahim bin Mohammed bin Saedan	2.50%	
		12. Loulwa bint Ibrahim bin Mohammed bin Saedan	2.50%	
		13. Dania bint Ibrahim bin Mohammed bin Saedan	2.50%	
		14. Hitaf bint Ibrahim bin Mohammed bin Saedan	2.50%	
Al-Farabi Colleges	Al-Maqsad Real Estate Company	Mr. Otham Abdulaziz Othman Al Zouman	100%	None



Al-Farabi Colleges Training Building	Al-Maqdad Real Estate Company	Mr. Otham Abdulaziz Othman Al Zouman	100%	None
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\*A lock-up period of one year will apply to the in-kind share starting as of the commencement of trading of the relevant Fund Units, if the number of in-kind subscription Units is equal to or greater than 5% of the total number of Fund Units. This includes the names listed in the table, whether registered as individuals or companies.

### **In-Kind Subscription in the Second Subsequent Offering**

The sellers of the Second Additional Real Estate Assets will receive Units for their in-kind contribution of the Second Additional Real Estate Assets to the Fund. The value of their in-kind contribution is equal to SAR 223,013,350. The sellers will receive 22,301,335 Units (using the Par Value of the Subsequent Units of SAR 10 per Unit). The names and value of the Units of the Unitholders who subscribed in-kind in the Second Subsequent Offering, are as follows:

In-Kind Subscription Property	Subscriber's Name*	Number of Units	Par Value of Units (SAR)	Percentage of Total Second Subsequent Units (%)	Percentage of Total Units After the increase in the Fund's total asset value by way of the Second Subsequent Offering (%)
Vision Education Colleges - Jeddah	Hamad Abdullah Abdulaziz Al Sora'i	10,203,966	102,039,660	26.83%	7.24%
Akun Warehouses	Majed bin Fahad bin Ayed Al Khammash	6,048,685	60,486,850	15.90%	4.29%
	Fahad bin Majed bin Fahad Al Khammash	6,048,684	60,486,840	15.90%	4.29%
<b>Total</b>		<b>22,301,335</b>	<b>223,013,350</b>	<b>58.63%</b>	<b>15.82%</b>

\*Please read the remarks shown in the table below



It is noted that the sold the Second Additional Real Estate Assets are owned by the below named Shareholders:

In-Kind Subscription Property	Subscriber's Name	Shareholder's Name	Percentage Shareholding in the Company (Subscriber) (%)	Remarks
Al-Farabi Colleges – Jeddah	Hamad Abdullah Abdulaziz Al Sora'i	-	100%	None
Akun Warehouses	Majed bin Fahad bin Ayed Al Khammash	-	50%	None
	Fahad bin Majed bin Fahad Al Khammash	-	50%	None

Notes:

- A lock-up period of one year will apply to the in-kind share starting as of the commencement of trading of the relevant Fund Units, if the number of in-kind subscription Units is equal to or greater than 5% of the total number of Fund Units. This includes the names listed in the table, whether registered as individuals or companies.

### **Total In-Kind Subscription (following the increase of the Fund's total asset value)**

Therefore, the total par value of the in-kind contribution will be SAR 977,221,850. The total number of in-kind Units will be 97,722,185 Units (approximately 80.09% of the total number of Units following the increase of the Fund's total asset value). The names and value of the Units of Unitholders subscribing in-kind, are as follows:

In-Kind Subscription Property	Subscriber's Name*	Number of Units*	Par Value of Units (SAR)	Percentage of Total Units after the increase of the Fund's total asset value (%)
<b>Almalga Residential Compound</b>	Former Unitholders of the expired Alkhabeer Saudi Real Estate Income Fund I	18,687,900	186,879,000	13.25%
<b>Gallery Mall</b>	Asala Alkhaleej for Development and Investment	6,250,000	62,500,000	4.43%
<b>Ahlan Court</b>	Mr. Mohammed Saleh Binladin	3,800,000	38,000,000	2.69%
<b>BIN II Plaza</b>	Ladin Holding Company	4,000,000	40,000,000	2.84%
<b>Elite Commercial Center</b>	Ladin Holding Company	9,950,000	99,500,000	7.06%
<b>Elegance Tower</b>	Al Saedan Real Estate Co.	17,292,879	172,928,790	12.26%
<b>Al-Farabi Colleges</b>	Al-Maqsad Real Estate Co.	11,790,600	117,906,000	8.36%
<b>Al-Farabi Colleges Training Building</b>	Al-Maqsad Real Estate Co.	3,649,471	36,494,710	2.59%
<b>Vision Education Colleges - Jeddah</b>	Hamad Abdullah Abdulaziz Al Sora'i	10,203,966	102,039,660	7.24%
<b>Akun Warehouses</b>	Majed bin Fahad bin Ayed Al Khammash	6,048,685	60,486,850	4.29%



	Fahad bin Majed bin Fahad Al Khammash	6,048,684	60,486,840	4.29%
<b>Total</b>		<b>97,722,185</b>	<b>977,221,850</b>	<b>69.30%</b>

\* The Par Value is used for Subsequent Units (SAR 10 per Unit)

**(c) Detailed Statement of the Value of the Fund Manager's Subscription in the Fund During the Offering Period**

The Fund Manager may invest in the Fund from time to time. Such investment shall be disclosed in the reports to the Unitholders.

**(d) Fund Manager's Undertaking to comply with the Law of Real Estate Ownership and Investment by Non-Saudis**

The Fund and its investments shall at all times be in compliance with the laws and regulations governing real estate ownership in the Kingdom of Saudi Arabia, including the Law of Real Estate Ownership and Investment by Non-Saudis.

**(e) Detailed Statement on Minimum and Maximum Subscription Amount**

Investor subscriptions during the Second Subsequent Offering shall not be less than 50 Units per investor, with a total Subscription Amount of not less than SAR 500. There is no maximum limit on the Subscription Amount. In the event the number of in-kind subscription Units exceeds 5% of the total number of Fund Units, a lockup period of one (1) year shall apply starting as of the date of listing of the relevant Fund Units.

**(f) How to Apply for Subscription**

- (i) **Review of the Terms and Conditions:** Prospective subscribers may obtain a copy of the Terms and Conditions by visiting the websites of the Receiving Entities, or through the Fund Manager's website – Alkhabeer Capital ([www.alkhabeer.com](http://www.alkhabeer.com)), or Saudi Tadawul's website ([www.saudiexchange.sa](http://www.saudiexchange.sa)), or the CMA's website ([www.cma.org.sa](http://www.cma.org.sa)). Prospective subscribers who intend to subscribe in the Fund's Initial Offering shall read and sign the Fund's Terms and Conditions, keep them, and electronically declare that they have read and understood them.
- (ii) **Bank Transfer:** The full Subscription Amount to be subscribed to of not less than SAR 500 as a minimum, shall be transferred, with no maximum subscription limit applied during the Second Subsequent Offering Period, to the account as stated by the Receiving Entities.

For example: If an investor wants to subscribe to an amount of SAR 10,000, the investor shall transfer a sum of SAR 10,000 representing the Subscription Amount. The subscriber shall attach the bank transfer receipt when submitting the Subscription Application.



- (iii) **Completing the Subscription Application Form:** The subscriber shall full and accurately complete the paper or electronic Subscription Form, and subsequently hand over or send all required documentation as described below, either in paper form or electronically. No Subscription Application or bank transfer may be accepted after the close of the last Business Day of the subscription days. The investor will not be allowed to modify the information contained in the Subscription Application Form after sending it or handing it over. The subscription may be cancelled and a new application may be filed. However, a subscription cannot be cancelled after being approved and confirmed. In all events, investors of all categories shall hand over and complete all the subscription requirements and documentation or upload them to the website.
- (iv) **Confirmation of Receipt of the Subscription:** The Receiving Entity will send to the client a message acknowledging receipt of the Fund Subscription Application by email and/or via SMS to the client's registered mobile telephone number.
- (v) **Acceptance of the Subscription Application:** The Subscription Application shall be reviewed, and in the event it is determined that it does not satisfy all requirements, or in case there are any comments, the client shall be notified by email and/or via SMS to the client's registered mobile telephone number using the electronic subscription feature to complete the requirements within one Business Day after sending the notification to the subscriber. If the Application is found to be complete, the investor shall be notified that the Subscription Application is accepted.
- (vi) **Allocation Notification:** Following the Closing Date of the Second Subsequent Offering and after allocating the Second Subsequent Units to the investors in accordance with the allocation process and the allocation period as specified in this Terms and Conditions, the CMA shall be notified, and the final Offering results and the allocation of Second Subsequent Units shall be announced on the Fund Manager's website.
- (vii) **Return of Oversubscription and Listing:** Subsequent to the announcement of the final allocation of the new Units, the oversubscription shall be returned to the subscribers within the time period specified in these Terms and Conditions, after deducting the value of the allocated Second Subsequent Units. The allocated Second Subsequent Units shall be included in the subscribers' portfolios with the brokerage company licensed by Saudi Tadawul.

**(g) Detailed Description of Process of Subscription in the Fund**

**Requisite Documents for All Investors**

- Copy of the bank transfer originating from a bank account in the name of the investor, showing the Subscription Amount, in the event the Subscription Application is submitted electronically.
- Signed copy of the Terms and Conditions (in paper form, or acknowledgement of their review electronically or by telephone via a recorded telephone call).
- Fully completed and signed Subscription Application Form (in paper form, electronically or by telephone via a recorded telephone call).

**Conditions and Requisite Documents for Individual Investors**

- Copy of the national ID card for Saudis or GCC nationals or copy of a valid residence ID card for residents.
- The availability of an active portfolio with a authorized person.
- The availability of a bank account (IBAN) in the name of the prospective subscriber, provided the subscriber transfer the subscription amount from that account and receive the oversubscription to it after the allocation.

Completion of one Subscription Application shall suffice for each principal investor subscribing on his own behalf and on behalf of his family members appearing in the family record if the family members intend to subscribe in the same number of Units as the principal investor. This shall involve the following:

- (i) All Units allocated to the principal investor and his dependent investors shall be registered in the name of the principal investor.
- (ii) Oversubscription amounts resulting from the unallocated additional Units shall be returned to the principal investor whether he had paid them for himself or on behalf of his dependent investors.
- (iii) The principal investor shall receive all the dividends of the Units which are allocated to the principal investor and the dependent investors (in the event Units are not sold or transferred).

**(h) Detailed Description of Subscription in the Fund by Dependents and Minors**

**Conditions and Requisite Documents for Minors**

The following documents shall be attached:

- Copy of the national ID card for Saudis or GCC nationals or copy of a valid residence ID card for residents in respect of minors aged 15 Hegira years to 18 Hegira years, or the family record in respect of minors aged less than 15 Hegira years.
- Copy of the residence ID card for resident minors aged less than 18 Hegira years.





- Copy of the guardian's national ID card for Saudis or GCC nationals or copy of a valid residence ID card for the resident's guardian.
- If the guardian is not the minor's father, the custodianship deed shall be attached.
- A separate bank transfer shall be made for each minor individual from the same bank account of the minor's guardian, in the event the minor does not have a bank account or portfolio.

Details of certain subscription cases of minor individuals:

- Subscription for individuals younger than 18 Hegira years is permitted through the guardian or the custodian.
- The minor younger than 18 Hegira years shall provide a copy of the national ID card or the residence permit, along with the ID of the guardian or the custodian.
- If the client is a Saudi citizen who is younger than 15 Hegira years, the family record containing the minor's registration, as well as the national ID card of the guardian or the custodian, shall be attached.
- If the client is younger than 18 years and under custodianship, a copy of the custodianship deed issued by the court of jurisdiction along with the custodian's ID card, shall be attached.
- A minor who lack legal competence may subscribe through the guardian or custodian, provided that the minor has an investment portfolio with an authorized person.
- The divorced or widowed Saudi woman who is the mother of minor children from a non-Saudi husband, may subscribe under the names of her children, provided that she submits evidence that she is divorced or widowed and proof that she is the mother of minor children.

#### **Requisite Documents for Companies**

- Copy of the commercial registration stamped by the company.
- Copy of the memorandum of association and the articles of association stamped by the company.
- Copy of the ID card of the authorized signatory stamped by the company and signed by the authorized signatory.
- The availability of an active portfolio with a authorized person.
- The availability of a bank account (IBAN) in the name of the prospective subscriber, provided the subscriber transfer the subscription amount from that account and receive the oversubscription to it after the allocation.

#### **Requisite Documents for Investment Funds**

- Copy of the commercial registration of the fund manager stamped by the company.
- Copy of the memorandum of association and the articles of association of the fund manager stamped by the company.
- Copy of the fund manager's license to engage in the business activity.
- Copy of the fund's terms and conditions.
- Copy of CMA's approval of the offering of the fund.

- Copy of the authorized signatory's ID card stamped by the company and signed by the authorized signatory.

#### **Requisite Documents for Investment Portfolios**

- Copy of the ID card of the portfolio holder.
- Copy of the commercial registration of the portfolio manager stamped by the company.
- Copy of the portfolio manager's memorandum of association and articles of association stamped by the company.
- Copy of the portfolio manager's license to engage in the business activity.
- Copy of the investment portfolio management agreement.
- Copy of the ID card of the authorized signatory stamped by the company and signed by the authorized signatory.

#### **Important Notes**

- The client shall ensure the accuracy of registered information and documentation which are submitted. Alkhabeer Capital or the Receiving Entity does not accept any liability for the consequences of any errors in any documents or information provided by the client.
- The client shall ensure that the value which appears in the subscription application reconciles with the bank transfers. The Fund Manager may reject the subscription application in the event of discrepancy, whether by increase or decrease.
- Any amount transferred from an account other than the account that is registered with the Receiving Entity at the time of subscription in the Fund, will be rejected / not accepted. The bank account shall be in the name of the client.

#### **Cancellation and Refund**

The Offering shall be cancelled and all Subscription Amounts shall be returned to investors without deduction, in the following events (unless the CMA decides otherwise):

- Failure to achieve the target amount (target total subscription value) by way of the Second Subsequent Offering, or
- If the number of Public Unitholders is less than 200, or
- If the percentage of Public Unitholders is less than 30%.
- Inability to fully transfer the title of the Second Additional Real Estate Assets to the Fund.

In the event of cancellation of the Second Subsequent Offering, all the Subscription Amounts received shall be returned to the investor's account as shown in the subscription application, within (5) Business Days after the Closing Date of the Offering Period or any extension thereof (without any deduction of any bank charges, bank transfer charges or currency exchange charges).

**(i) Process to be Adopted by the Fund Manager to Allocate Units to Subscribers**

Receiving Entities appointed by the Fund Manager shall within a period not exceeding (10) Business Days, as a maximum, after the Closing Date of the Second Subsequent Offering, notify every investor of the acceptance or rejection of the Subscription Application, whether in whole or in part. In the event the Subscription Application is approved, confirmations shall be sent to the applicants showing the approved Subscription Amount, which may be subject to change upon the final allocation of Second Subsequent Units. In the event an investor's Subscription Amount is rejected in whole or in part, the rejected part of the Subscription Amount or the full Subscription Amount shall be returned to the investor's account as shown in the Subscription Form without any deduction within (10) Business Days after the Allocation Date (without any deduction of any bank charges, bank transfer charges or currency exchange charges).

The Subscription Price is to the fourth decimal place. It is equal to SAR 8.8201. The Subscription Price plus Subscription Fees and applicable VAT is SAR 9.0230. The offered Subscription Price (plus Subscription Fees and applicable VAT) is SAR 9.03 per Unit, rounded up. Subscription at the Offering Price (plus Subscription Fees and applicable VAT) (SAR 9.03 per Unit) will produce a surplus based on the Subscription Price plus Subscription Fees and applicable VAT, rounded to the fourth decimal place (SAR 9,0230). The surplus will be reimbursed within 15 business days after the closing date of the Offering Period

Following the allocation of the in-kind contribution Units of the Second Subsequent Offering (referred to in the foregoing paragraph titled "In-Kind Subscription") to the sellers of the Second Additional Real Estate Assets, the remaining Units shall be allocated as follows:

The offered Cash Units shall be first allocated to Unitholders who are registered on the date of the Unitholders' meeting to approve the increase of the Fund's total asset value, and who intend to subscribe in the Subsequent Cash Unit, pro rata.

Thereafter, the remaining Subsequent Cash Units (if any) shall be allocated to the remaining investors, other than the Unitholders. At least 5% of the Cash Offering will be allocated to institutional investors. In the event the offering is not fully covered by them, it shall be allocated to the remaining individual subscribers.

These Units shall be allocated after the Second Subsequent Offering closing price as follows:

1. Allocation of 50 Units per investor.
2. In the event of an unallocated oversubscription of Units, the remaining offered Units shall be allocated pro rata with the subscription amounts of the investors.

If the total number of Units subscribed in cash is less than 15,736,500 Units, the Offering will be cancelled, and all subscription amounts will be returned to the investors (without

deduction) within five business days of the closing date of the Second Subsequent Offering.

Fund investors do not have a pre-emptive right to acquire any Fund Assets. Therefore, any Fund Asset will be sold in accordance with the Fund's investment strategy.

### **Account of the Fund**

For the purposes of collecting subscriptions the Fund Manager will open one or more bank account(s) with one or more receiving bank(s). All subscription amounts received from Fund investors shall be deposited in the said account(s). The Fund Manager shall subsequently open a bank account for the management and operation of the Fund.

### **Fund Capital Increase**

In the event the Fund Manager decides that the Fund requires additional funding by way of Unitholder subscriptions, the Fund may increase its capital by accepting cash or in-kind subscriptions in accordance with the Real Estate Investment Funds Regulations and the Listing Rules.

Upon any increase of the Fund's Capital, the Fund Manager shall offer Fund Units at its discretion if deemed in the best interest of the Unitholders. The Fund Manager shall take the following factors into consideration, including without limitation, when issuing Fund Units in the future:

- The Fund's NAV based on the last valuation of the Fund's Assets;
- The market price of the Units and historical averages;
- Market and economic conditions, state of the real estate investment sector and cash liquidity levels.

### **(j) Process of Increasing the Fund's Total Asset Value by Accepting In-Kind Subscriptions, Cash Subscriptions or Both (if any)**

The Fund's total asset value may be increased by accepting in-kind subscriptions, cash subscriptions or both, in accordance with the following process:

- a) The Fund Manager shall obtain the approval of the Unitholders on offering additional Fund Units by accepting in-kind subscriptions, cash subscriptions or both, subject to Article (26) of the Real Estate Investment Funds Regulations.
- b) The Fund Manager shall obtain the approval of the CMA on offering additional Fund Units by accepting in-kind subscriptions, cash subscriptions or both.
- c) The Fund Manager shall commence offering the additional Fund Units within six (6) months from the date of CMA's approval of the application. In the event the Fund Manager fails to do so within the specified period, CMA's approval shall become null and void.



- d) If the increase of the Fund's total asset value is by way of accepting cash or cash and in-kind subscriptions, the Offering Period shall not exceed a maximum of (60) days.
- e) If the value of the Units to be offered is raised, the Offered Units shall first be allocated to the Fund Unitholders who appear in the Unitholders' Register as at the date the Unitholders meeting is held, and then the remaining Units – if any – shall be allocated to the remaining Subscribers. Oversubscription shall be returned to all Subscribers in cash – if any – within a period not exceeding (15) days after the closing date of the Offering Period specified in the Fund's Terms and Conditions. The title of the property to be acquired or the leasehold shall be transferred to the Fund within a period not exceeding (60) days after the end of the Offering Period.
- g) If the increase of the Fund's total asset value is by way of accepting in-kind subscriptions, the additional Units shall be allocated to the in-kind subscribers immediately upon the approval of the Unitholders referred to in sub-paragraph (a) above, provided the title of the property to be acquired or the leasehold is transferred to the Fund within a maximum of (60) days after the date of the Unitholders' approval.
- h) The Fund Manager shall submit to the CMA an Addendum to the Fund's Terms and Conditions for each increase of the Fund's total asset value by way of in-kind subscriptions, cash subscriptions or both, in accordance with the provisions of Annex (14) of the Real Estate Investment Funds Regulations.

The Fund Manager shall publish the Addendum to the Fund's Terms and Conditions referred to in sub-paragraph (h) above on its website, and on Saudi Tadawul's website, or on any other website available to the public, subject to the guidelines determined by the CMA (where applicable).

**(k) Timetable and Projected Time Period from the Offering Starting Date to Unit Trading Starting Date**

The following table shows the target time periods as from the date of CMA's approval, up to the date of the listing of the Second Subsequent Units:

Steps	Projected Time Period
Obtaining CMA's approval on the increase of the Fund's Total Asset Value	25/05/1442, corresponding to 04/01/2021
Obtaining the approval of the Unitholders	Within 90 business days after obtaining CMA's approval
Second Subsequent Offering Period	15 business days, starting on 18/10/1442, corresponding to 30/05/2021, up to 07/11/1442, corresponding to 17/06/2021
Extending the Second Subsequent Offering Period (if the extension is made after obtaining CMA's approval)	10 business days
The receiving entity (ies) appointed by the Fund Manager shall notify each investor of the acceptance or rejection of the subscription application	10 business days after the closing date of the Offering Period
Announcement of the Offering results	10 business days after the closing date of the Offering Period
Allocation of Units to Subscribers	15 business days after the closing date of the Offering Period



Refund of oversubscription (if any)	15 business days after the closing date of the Offering Period
Acquisition, transfer of title of assets, and listing of Fund Units	60 business days after the closing date of the Offering Period
Cancellation and return of funds	In the event of cancellation of the Offering, all Subscription Amounts shall be returned – without deduction – within five business days after the closing date of the Offering Period

## 12. Trading of Fund Units

### (a) Statement Describing the Method of Trading of REIT Fund Units on Saudi Tadawul

Fund Units may be traded in the same way as the units of the real estate investment traded funds listed on Saudi Tadawul are traded. Unitholders (including related parties) and investors may trade during the normal daily trading hours announced by Saudi Tadawul directly via licensed financial brokers. Trading in Fund Units shall be unrestricted, taking into consideration the nature of the Fund, and in compliance with the Fund's Terms and Conditions.

Buying Fund Units on Saudi Tadawul shall be considered as a declaration by the buyer that it had read and agreed to these Terms and Conditions.

Trading in Fund Units is subject to Saudi Tadawul fees and charges, as well as commissions payable to Capital Market Institutions through whom the trading transactions are executed. The Investor shall be responsible for payment of the accrued fees, charges and commissions.

In accordance with the Real Estate Investment Funds Regulations and the Listing Rules, the CMA may suspend trading in the Fund Units. Moreover, Saudi Tadawul may propose to CMA exercising such authority at any time, or to delist the Units at its discretion.

### (b) Events of Fund Suspension and/or Delisting

The CMA may suspend the trading of listed Units or delist the Units at any time at its discretion, in the following events:

1. If it deems so necessary to protect the investors or maintain a regulated exchange.
2. If the Fund Manager or the Custodian fails to comply with the Capital Market Law and its Implementing Regulations, and the CMA deems such failure to be material.
3. If the liquidity requirements as stipulated in the Real Estate Investment Funds Regulations are not satisfied.
4. If the CMA finds that the Fund's level of operations or assets are no longer suitable for the continued trading of its Units on Saudi Tadawul.
5. If the Fund Manager applies to the CMA and Saudi Tadawul simultaneously in writing to suspend the trading of the Units temporarily, or to delist the Units. The CMA may accept or reject the application or accept conditionally, at its discretion.

In addition, Saudi Tadawul may suspend the trading of the Fund Units in the events provided in Article (36) of the Listing Rules.

### 13. Dividend Distribution Policy

The Fund Manager aims to distribute quarterly cash dividends to investors of not less than 90% of the Fund's annual net profits, to be distributed within 30 business days after the beginning of each Gregorian quarter (1<sup>st</sup> January, 1<sup>st</sup> April, 1<sup>st</sup> July and 1<sup>st</sup> October), excluding the capital gains resulting from the sale of the real estate assets and other investments, which may be reinvested in the acquisition of additional real estate assets, in the maintenance and renovation of any Fund assets, and/or setting them aside as reserve to the benefit of the Fund, provided available cash liquidity does not exceed 25% of the Fund's total assets.

### 14. Termination and Liquidation of the Fund

#### (a) Events Causing Termination of the Fund:

The Fund shall be terminated in any of the following cases (each a "Termination Event"):

- (1) following the approval of the Fund Board if the Fund disposes of all of its assets and all proceeds of such dispositions have been distributed to the investors; or
- (2) there is a change to the laws, regulations or other legal conditions or there are material changes to the market conditions in Saudi Arabia and the Fund Manager such as a justified reason to terminate the Fund; or
- (3) if the termination of the Fund is required pursuant to a decision by the CMA or under its regulations.

#### (b) Procedures for Termination in Accordance with the Investment Funds Regulations:

- (1) The Fund Manager must complete the process of selling the Fund's assets and distribute the Unitholders' entitlements to the Unitholders prior to the end of the Fund's Term.
- (2) The Fund Manager may extend the Fund's Term to complete the sale process of the Fund's assets or any other event, subject to the Unitholders' approval of the fundamental change, in accordance with the provisions of Clause (7) of these Terms and Conditions.
- (3) For the purpose of terminating the Fund, the Fund Manager must prepare a plan and procedures for the termination of the Fund consistent with the interests of the Unitholders, and must obtain the approval of the Fund Board on such plan prior to carrying out any action in this regard.
- (4) The Fund Manager must notify the CMA, in writing, of the details of the plan and procedures for the Fund termination at least (21) business days prior to the intended date for terminating the Fund, without prejudice to these Terms and Conditions. The Fund Manager must also notify the Unitholders accordingly by publishing on its website and on Saudi Tadawul's website.
- (5) The Fund Manager must comply with the plan and procedures for Fund termination approved as per sub-paragraph (4) above.





- (6) The Fund Manager shall notify the CMA in writing of the termination of the Fund within (10) business days of the end of the Fund's Term in accordance with the requirements provided in paragraph (d) of Annex (12) of the Real Estate Investment Funds Regulations. The Fund Manager shall notify the Unitholders accordingly by publishing on its website and on the website of Saudi Tadawul.
- (7) The Fund Manager shall terminate the Fund immediately upon the occurrence of any of the events listed in Clause (14) (a) above, and shall notify the CMA in writing within (5) business days from the occurrence of the event triggering termination of the Fund. The Fund Manager shall notify the Unitholders accordingly by publishing on its website and on the website of Saudi Tadawul.
- (8) In the event of expiration of the Fund's term and the Fund Manager has not completed the sale of the Fund's Assets during the Fund's Term, the Fund Manager shall liquidate the Fund's Assets and distribute the entitlements of the Unitholders among them, within a maximum period of (6) months from the date of the expiration of the Fund's Term.
- (9) For the purpose of liquidating the Fund, the Fund Manager shall obtain the approval of the Fund Board on the plan and procedures for the liquidation of the Fund before taking any action in this respect.
- (10) The Fund Manager shall comply with the plan and procedures for the termination of the Fund as approved, in accordance with sub-paragraph (9) above.
- (11) The Fund Manager shall notify the CMA in writing of the completion of the liquidation of the Fund within (10) business days after the completion of the Fund's liquidation, in accordance with the requirements provided in paragraph (d) of Annex (12) of the Real Estate Investment Funds Regulations. The Fund Manager shall notify the Unitholders accordingly by publishing on its website and on the website of Saudi Tadawul.
- (12) The Fund Manager shall treat all Unitholders equally throughout the process of termination or liquidation of the Fund.
- (13) The Fund Manager shall distribute the entitlements of the Unitholders among them immediately upon the end of expiration of the Fund's Term or the liquidation of the Fund, without delay and without conflict with the interests of the Unitholders and the Terms and Conditions of the Fund.
- (14) The Fund Manager shall announce expiration of the Fund's Term or the end of the Fund's liquidation, on the Fund Manager's website and on Saudi Tadawul's website, or on any other website available to the public, subject to the guidelines defined by the CMA (where applicable).
- (15) The Fund Manager shall provide Unitholders with a report on the termination of the Fund in accordance with the requirements stipulated in Annex (13) of the Real Estate Investment Funds Regulations, within a period not exceeding (70) days after the date of completion of the Fund's termination or liquidation. Such report shall include the final audited financial statements of the Fund for the period subsequent to the latest audited financial statements.
- (16) The CMA may remove the Fund Manager from the liquidation process in the event a special Fund resolution is issued by the Fund's Unitholders, provided a replacement liquidated is appointed during the same meeting in which the Unitholders voted to remove the Fund Manager.
- (17) In the event of removal of the Fund Manager from the liquidation process, the Fund Manager shall fully cooperate to transfer the liquidation responsibilities to the appointed liquidator. The Fund Manager shall also transfer all documents related to the relevant investment fund to the appointed liquidated, so as to enable it to complete the liquidation



- process within (20) days after the issue of CMA's resolution to remove the Fund Manager and appoint the replacement liquidator.
- (18) The Fund Manager shall notify the Unitholders by announcement on the Fund Manager's website and Saudi Tadawul's website, upon the issue of a resolution by the CMA to remove the Fund Manager and appoint a replacement liquidated as described in paragraph (14) above.
- (19) In all events, the Fund Manager shall notify the CMA and the Unitholders by announcement on the Fund Manager's website and on Tadawul's website, immediately and without delay, of any material events or developments which arise during the Fund liquidation period.

## **15. Fees, Service Charges, Commissions and Management Fees**

The Fund shall be liable for the payment of, from its assets, all costs, fees and expenses set out in this clause.

### ▪ **Fees:**

#### **1. Remuneration and Expenses of Independent Directors**

The Fund shall pay SAR 5,000 per annum to each independent director, plus an attendance fee of SAR 4,000 for each meeting. Two independent directors were appointed. Therefore, the total remuneration to be paid to both directors will be a lump sum of SAR 10,000 per annum, plus an attendance fee of SAR 4,000 per meeting to each member. It is expected that a minimum of two meetings (and a maximum of four meetings) will be held each year. Thus, the total attendance fee expected to be paid to both directors will be a minimum of SAR 16,000 (and a maximum of SAR 32,000) per annum. As such, the total remuneration expected to be paid during the year to the two independent directors during the year is a minimum of SAR 26,000 (and a maximum of SAR 42,000).

Non-independent directors will not receive any fees. These annual fees shall be calculated and paid semi-annually.

#### **2. Subscription Fees**

Subscription Fees are exempt during the Fund's Initial Offering Period, and payable in cash by Subscribers for the Fund's First Subsequent Offering.

Subscription Fees will apply to all Subscribers in cash in the Fund's Units during the Second Subsequent Offering Period. No cash subscriber will be exempted from the Subscription Fees during the Second Subsequent Offering Period. The Subscription Fees shall be 2% of total cash subscription amounts. These Subscription Fees shall be deducted when the cash subscription amount is received and paid to the Fund Manager, in addition to the Subscription Amount.

The Fund Manager may receive Subscription Fees at a rate of 2% of the cash subscription amounts paid and allocated in the event of any future offerings to increase the Fund's Capital.

### 3. **Fees Payable to the Fund Manager for Managing the Fund out of the Fund's NAV**

#### **Fund Operator Fees**

The Fund shall pay the Fund Operator annual Fees of 0.025% of the Fund's Net Asset Value ("**Fund Operator Fees**"). The Fund Operator Fees shall be paid semi-annually.

#### **Management Fees**

The Fund Manager is entitled to receive for its management of the Fund's Assets, Management Fees ("Management Fees") of 9% of the net annual rental value collected from the properties owned by the Fund. Management Fees shall not exceed 0.75% of the Fund's NAV according to the last valuation of the Fund (i.e., the Management Fees will be calculated based on the lowest amount, either at 9% per annum of the annual net rental value, or 0.75% of the Fund's NAV, whichever is lower).

The Fund shall pay Management Fees to be calculate and paid quarterly starting as of the date of listing of the Fund's Initial Units.

### 4. **Custodian Fees**

The Fund shall pay the Custodian a non-recurring fee of SAR 50,000, and an annual fee ("**Custodian Fees**") of 0.025% per annum of the Fund's Total Asset Value according to the last audited financial statements, subject to a minimum of SAR 200,000. Custodian Fees shall be paid semi-annually.

## 5. Auditor Fees

The Fund shall pay the Auditor an annual fee of SAR 80,000. Auditor Fees shall be paid semi-annually.

## 6. Commission Resulting from Loans to the Fund (Debt Restructuring Fees)

The Fund Manager is entitled to receive Debt Structuring Fees ("**Debt Structuring Fees**") equal to 1.5% of the financing amount drawn down out of the total banking facilities, compliant with the Shari'a Guidelines of the Shari'a Supervisory Committee, obtained by the Fund or any of its affiliates, in return for the effort expended in the structuring and securing the required financing. Debt Structuring Fees shall be borne by the Fund and paid after receiving the official approval financier bank of the financing amount.

The Fund received financing in the sum of SAR 340,000,000 (First Drawdown) from Al Rajhi Bank to fund the acquisition of the Initial Real Estate Assets. The Fund paid the Fund Manager Debt Restructuring Fees in the amount of SAR 5,100,000.

Whereas the Fund received financing in the sum of SAR 397,500,000 (Second Drawdown) from Al Rajhi Bank to fund the acquisition of the First Additional Real Estate Assets. The Fund paid the Fund Manager Debt Restructuring Fees in the amount of SAR 5,962,500.

Whereas the Fund will not use any additional financing to fund the acquisition of the Second Additional Real Estate Assets, Debt Restructuring Fees do not apply to the Second Subsequent Offering.

## **Financing Fees**

In the event the Fund obtains bank financing, compliant with the Shari'a Guidelines of the Shari'a Supervisory Committee, the Fund shall bear all financing costs paid to third parties, such as banks and specialized companies for arranging the financing in line with applicable market standards and prevailing prices.

Such costs include the arranging fees received by the financier bank, in addition to SAIBOR and charges related to any hedging agreement which is complaint with the Shari'a Guidelines of the Shari'a Supervisory Committee, in the event the Fund Manager decides to fix the SAIBOR rate for the facilities.

## 7. Fees Related to Registration of Fund Units, or any other Administration Service

### **Saudi Tadawul Registration Fees**

The Fund shall pay the following fees for registering in the Saudi Tadawul:

- SAR 50,000 + SAR 2 per Unitholder, up to a maximum of SAR 500,000, payable to the Securities Depository Center Company ("Edaa") for the creation of a Unitholder's register (payable prior to the listing and trading of the Fund Units);
- SAR 400,000, payable annually to the Securities Depository Center Company ("Edaa") for administering a Unitholder's register. Such fees may change from time to time commensurate with the value of the Fund's capital.

### **Saudi Tadawul Listing Fees**

The Fund shall pay the following listing fees:

- SAR 50,000 initial listing fees; and
- 0.03% of the Fund's market value per annum (with a minimum of SAR 50,000 and a maximum of SAR 300,000).

The Listing Fees shall be paid to Saudi Tadawul prior to the listing and trading of the Fund Units.

## 8. Property Management Fees

The Fund bears all fees related to the operation, management and maintenance of all the real estate properties owned by the Fund, in accordance with the contracts signed with the specialized service providers or with the property lessees. The Fund Manager will negotiate during the operation of the Fund, all the property management fees on an arm's length basis, using market prices prevailing at the time, such that the said fees are paid out of the Fund's assets. These fees are detailed as follows:

Property Name		Property Manager Name	Property Management Fees	Recurrence of Fee Payment
Almalga Residential Compound	Almalga Residential Compound (The eight leased buildings)	Areeb Contracting Est.	A sum of SAR 1,350,000 per annum, paid to Areeb Contracting Establishment as fees and expenses for the management of Almalga Residential Compound	Quarterly



Property Name		Property Manager Name	Property Management Fees	Recurrence of Fee Payment
	Almalga Residential Compound (The ten vacant buildings)	Painite Operation and Maintenance Company	Painite Company was appointed by a cost-plus contract, providing for payment at cost plus 15% (up to a maximum of SAR 2,200,000), in addition to commission and marketing fees of up to 7% of collected rents of new lease agreements, and 3.5% of the collected rents of renewed lease agreements.	Settlement after submission of each interim invoice based on submitted invoices
Gallery Mall		Lessee (Suliman Al Qadeebi Sons' Contracting Company) in charge of management of the property	N/A	N/A
Palazzo Plaza		Numu Company Limited	SAR 400,000 per annum payable to Numu Company Limited as expenses and fees for the management of Palazzo Plaza.	Semi-Annually
Home Works Center The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.		Lessee (Al-Futaim International Trading Company) in charge of management of the property	N/A	N/A
Ahlan Court		Lessee (Nadd Arabia Marketing Company) in charge of management of the property	N/A	N/A
BIN II Plaza		Lessee (Nadd Arabia Marketing Company) in charge of management of the property	N/A	N/A



Property Name	Property Manager Name	Property Management Fees	Recurrence of Fee Payment
Elite Commercial Center	Lessee (Nadd Arabia Marketing Company) in charge of management of the property	N/A	N/A
Elegance Tower	Lessee (Al Saedan Company) in charge of management of the property	N/A	N/A
Al-Farabi Colleges	Lessee (Vision Colleges Education Company, (formerly Al Farabi Colleges Education Company)) in charge of management of the property	N/A	N/A
Al-Farabi Colleges Training Building	Lessee (Vision Colleges Education Company, (formerly Al Farabi Colleges Education Company)) in charge of management of the property	N/A	N/A
Vision Colleges Education - Jeddah	Lessee (Vision Colleges Education Company) in charge of management of the property	N/A	N/A
Akun Warehousing	Lessee (Akun Logistics Company) in charge of management of the property	N/A	N/A



**9. Any Other Amount Paid by Unitholders, or Any Other Amount Deducted from Fund Assets**

All Fees and Expenses are in accordance with Clause (15), in addition to any other fees and expenses paid by the Fund Manager on behalf of the Fund, plus any current or future taxes or government levies, as stipulated in government laws and regulations.

**10. Ratio of Fund Costs to Fund Total Asset Value**

The ratio of the projected Fund's costs (fees and expenses) to the Fund's total asset value (Total Expense Ratio) for 2021 is 3.97%. This ratio will be updated quarterly and published on the Fund Manager's website and on Saudi Tadawul's website.

**Capital Structuring Fees**

The Fund Manager is entitled to receive Capital Structuring Fees ("**Capital Structuring Fees**") 1.5% of the total Subscription Amounts (in cash and in kind) raised during the Initial Offering period or when collecting any other future subscription amounts, whether in cash or in kind. Such Fees shall be payable to the Fund Manager for the Fund Manager's effort in capital structuring and raising. Capital Structuring Fees shall be borne by the Fund, and paid once immediately upon the closing of the offering of any capital raising exercise.

Whereas the total Subscription Amounts following the Initial Offering is SAR 664,423,860, the Fund paid to the Fund Manager Capital Structuring Fees in the amount of SAR 9,966,360.

Whereas the Fund's total asset value was increased by issuing the First Subsequent Units, whereas the total subscription amounts after the First Subsequent Offering is SAR 325,302,022, the Fund paid the Fund Manager Capital Structuring Fees in the amount of SAR 4,879,522.

The Capital Structuring Fees do not apply to the increase of the Fund's total asset value by way of issuing the Second Subsequent Units during the Fund's Second Subsequent Offering Period

**Brokerage Fees**

The Fund shall pay up to a maximum of 2.5% of the value of any real estate investment acquired to the broker or the Fund Manager immediately upon transfer of title of the property, in return for sourcing, investigating, negotiating and inspecting. Such Fees shall be payable on properties to be acquired during the Fund's Offering Period, and on any properties to be acquired by the Fund in the future.



#### Brokerage fees on Initial Real Estate Assets

The Fund paid SAR 16,157,500 in brokerage fees in relation to the Initial Real Estate Assets, as shown in the table below:

#	Property	Acquisition Value (SAR)	Brokerage Fees (%)	Brokerage Fees (SAR)
1	Almalga Residential Compound	314,000,000	N/A	N/A
2	Gallery Mall	155,000,000	2.5%	3,875,000
3	Palazzo Center	93,300,000	2.5%	2,332,500
4	Home Works Center *	78,000,000	2.5%	1,950,000
5	Ahlan Court	70,000,000	2.5%	1,750,000
6	BIN II Plaza	90,000,000	2.5%	2,250,000
7	Elite Commercial Center	160,000,000	2.5%	4,000,000
<b>Total Brokerage Fees on Initial Real Estate Assets</b>				<b>16,157,500</b>

Note:

In respect of Ahlan Court, BIN II Plaza and Elite Commercial Center, brokerage fees were paid to the Fund Manager totaling SAR 8,000,000. The remaining brokerage fees on Gallery Mall, Palazzo Center and Home Works Center, were paid to other parties (brokers).

\* The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.

#### Brokerage fees on First Additional Real Estate Assets

The Fund paid SAR 17,225,000 in brokerage fees in relation to the First Additional Real Estate Assets, as detailed below:

#	Name of New Asset	Acquisition Value Excluding Brokerage Fees (SAR)	Brokerage Fees (%)	Brokerage Fees (SAR)	Acquisition Value Including Brokerage Fees (SAR)
1	Elegance Tower	414,000,000	2.5%	10,350,000	424,350,000
2	Al-Farabi Colleges	210,000,000	2.5%	5,250,000	215,250,000
3	Al-Farabi Colleges Training Building	65,000,000	2.5%	1,625,000	66,625,000
<b>Total Brokerage Fees on First Additional Real Estate Assets</b>				<b>17,225,000</b>	<b>706,225,000</b>

Note:

In respect of the First Additional Real Estate Assets, brokerage fees were paid to the Fund Manager totaling SAR 8,612,500. The remaining brokerage fees were paid to other parties (brokers).



**Brokerage fees on Second Additional Real Estate Assets**

The Fund will pay SAR 7,835,000 in brokerage fees in relation to the Second Additional Real Estate Assets, as detailed below:

#	Name of New Asset	Acquisition Value Excluding Brokerage Fees (SAR)	Brokerage Fees (%)	Brokerage Fees (SAR)	Acquisition Value Including Brokerage Fees (SAR)
1	Vision Education Colleges – Jeddah	100,000,000	2.5%	2,500,000	102,500,000
2	Akun Warehouses	213,400,000	2.5%	5,335,000	218,735,000
<b>Total Brokerage Fees on Second Additional Real Estate Assets</b>				<b>7,835,000</b>	<b>321,235,000</b>

Note:

In respect of the Second Additional Real Estate Assets, brokerage fees were paid to the Fund Manager totaling SAR 3,917,500. The remaining brokerage fees were paid to other parties (brokers).

The Fund Manager declares that there is no relation between the Fund Manager and the third party brokers in respect of the acquisition of the First and Second Additional Assets subject of the increase of the Fund's Total Asset Value, as none of them is considered to be a related party, taking into consideration that there is no conflict of interest between the Fund Manager and the third party brokers, whether directly or indirectly.

**Tax Advisor Fees**

The Fund Manager shall pay the Tax Advisor SAR 62,000 per annum. The Tax Advisor's Fees are payable semi-annually.

**ZATCA Registration Expenses**

Expenses for ZATCA Registration and information declaration filings are expected to amount to a sum of SAR 15,000.

**Shari'a Supervisory Committee Fees**

The Fund Manager shall pay the Shari'a Supervisory Committee ("**Shari'a Supervisory Committee Fees**") SAR 15,000 per annum. The Shari'a Supervisory Committee Fees are payable annually.

**Regulatory Fees**

The Fund shall pay regulatory fees to the CMA in the amount of SAR 7,500 per annum.



### **Transaction Costs**

The Fund will be responsible for all the transaction costs, such as the cost relevant to acquiring any asset, liquidation, related studies, advisory, legal, technical and valuation and other due diligence requirements. The Fund also bears the costs of dividend distribution to investors in compliance with market standards.

A budget of SAR 1,000,008 is allocated to pay costs of transactions related to the due diligence of the Second Additional Real Estate Properties. In the event this budget is not disbursed, or if only a part thereof is used, the surplus budget allocation will be treated as a Fund asset (that is, it would be allocated as cash available for investment in accordance with the investment concentration policies referred to in Clause (9), titled "Summary of Fund Strategies"). The Fund will bear all actual expenses only, which will be disclosed in the latest reviewed pro forma financial statements or the audited annual financial statements, whichever is more recent.

### **Development Fees**

In the event the Fund acquires projects under development in the future at a rate not exceeding 25% of the Fund's Total Asset Value as per the last audited financial statements, the Fund Manager will negotiate the relevant Development Fees to be incurred by the Fund and paid to developers on an arm's length basis in line with market prices. For the avoidance of doubt, the Fund did not incur any Development Fees in respect of the real estate assets.

### **Expenses**

The Fund shall be responsible for payment of all expenses, commissions and fees related to its activities and investments.

### **Fund Assets Expenses**

The Fund shall pay out of the Fund's assets to third party service providers all costs of design, engineering, procurement, supervision, property development and management of property development.

### **Other Expenses**

The Fund shall bear all the other expenses related to the continued professional and operational services provided by third parties, including - without limitation - the legal and advisory expenses, asset valuation expenses, regulatory fees, litigation fees and expenses, and other professional costs, formation and operation expenses of special purpose vehicles established for custody of the Fund's assets, in addition to the income purification expenses (if any). The Fund shall be liable for any tax to be imposed in the future by regulatory authorities, and become due and payable. Such expenses shall not exceed 0.5% of the Fund's Net Asset Value annually, with the

exception of the fees, charges and taxes that are subject to the government laws and regulations.

A budget of SAR 150,000 was allocated to pay the fees of the Fund's Legal Advisor (The Law Office of Mohammad Al-Ammar (In Affiliation with King & Spalding LLP) in relation to the increase of the Fund's total asset value. If this budget is not disbursed in whole or in part, the surplus budget allocation will be treated as a Fund asset (that is, it would be allocated as cash available for investment in accordance with the investment concentration policies referred to in Clause (9), titled "Summary of Fund Strategies"). The Fund will bear all actual expenses only, which will be disclosed in the latest reviewed pro forma financial statements or the audited annual financial statements, whichever is more recent.

### **VAT and Real Estate Transactions Tax**

- Based on the tax advice the Fund Manager received from the Tax Advisor, the investment in this Fund is not subject to income tax, withholding tax, capital gains tax or any other related tax, as at the date of issue of these Terms and Conditions, noting however that at the imposition of the value added tax in the Kingdom started as from January 2018.
- Therefore, the Fund Manager did not calculate VAT on the acquisition value of the Initial and First and Second Additional Real Estate Assets.
- It is noted that ZATCA may decide at any subsequent time to re-implement this taxation process.
- In general, in the event the acquisitions of the real estate assets become subject to VAT, the paid tax is reimbursable in cash by ZATCA or can be deducted out of subsequent tax returns.

In the event ZATCA decides to apply VAT to the said Fund acquisitions, such decision may adversely affect the Fund's cash distributions if the said tax is paid out of the Fund's own resources, knowing that the Fund may obtain bank financing compliant with the Shari'a Guidelines of the Shari'a Supervisory Committee, or increase the Fund capital in an amount equal to the imposed tax, such that there would be no significant adverse effects on the Fund's cash distributions. For further information, see Clause (10) of these Terms and Conditions, titled "Risks of Investing in the Fund".

Unless otherwise provided, all fees and expenses referred to in these Terms and Conditions do not include VAT. Therefore, if VAT is imposed on any services or goods provided by a third party to the Fund or the Fund Manager in its capacity as Fund Manager, the Fund Manager shall take tax payments into consideration, and increase the amount paid by the Fund to the relevant service provider by an amount equal to the VAT payable by the Fund.

Therefore, investors should take into consideration how VAT is applied to amount due to or from the Fund.



The Fund is subject to real estate transaction tax effective as of 4 October 2020, at a percentage of the property to be sold or transferred by the Fund, irrespective of the property's conditions or form, including land and structures built or constructed on it. The tax is payable unless exemptions provided in the Real Estate Transaction Tax Implementing Regulations issued by Royal Order No. (A/84) dated 14.2.1442, are applied. The tax is paid before or after the transfer of title or notarization of the contracts. In the event the real estate transaction tax is applied to any property sold by the Fund, the Fund shall pay a tax equal to a percentage of the value of the property to ZATCA, which may adversely affect returns to the Fund and Unitholders.

### Summary Financial Disclosure

The fees, charges and expenses to be incurred by the Fund are stated in the Summary Financial Disclosure in Appendix (2) of these Terms and Conditions.

The Fund Manager shall publish a quarterly factsheet on its website, as well as on Saudi Tadawul's website, containing – without limitation – the Unit Price as at the end of the quarter, rental income on the Unit Price, percentage of total expenses and fees, Unit Price performance, list of names and percentages of the properties in the Fund's portfolio, ratio of financing to the Fund's total asset value, and any other information the Fund Manager deems appropriate.

The Fund Manager may offer a waiver or discount, subject to laws and regulations.

### 1. Method of Calculation of Fees, Charges and Commissions

The Fund Manager acknowledges that the fees listed in the table below are all the fees imposed on the Fund during the Fund's Term without any exclusion. The Fund Manager is fully responsible for taking into account any fees other than what is listed in the table below.

Fee	Percentage	Amount Levied	Calculation	Frequency of Payment
<b>Management Fee</b>	Management fees will be calculated on the lower amount, either at a rate of 9% per annum of the annual net rental value, or 0.75% of the Fund's NAV, whichever is lower	-	Calculated quarterly	Paid quarterly
<b>Capital Structuring Fees</b>	1,5% of total subscription	-	Calculated on the in-kind and in-cash subscription amounts	Payable once immediately



Fee	Percentage	Amount Levied	Calculation	Frequency of Payment
	amounts (cash and in-kind)		during the Initial Offering or any subsequent offerings in the future	upon the closing of the offering of any capital raising exercise
<b>Subscription Fees</b>	2% of the subscription and allocation amount	-	<p>The investor pays the Fund Manager subscription fees of 2% of the cash subscription amounts paid and allocated. These subscription fees are deducted upon receiving the subscription amount and its payment to the Fund Manager, in addition to the subscription amount.</p> <p>Subscription fees will be imposed on all cash subscribers in the Fund's Units during the Second Subsequent Offering Period. No cash subscriber will be exempt from the subscription fees during the Second Subsequent Offering Period</p>	Payable once at the time of subscription during the Second Subsequent Offering
<b>Debt Structuring Fees</b>	1.5% of the drawdown amount	-	<p>Calculated upon drawdown of any amount of the facilities.</p> <p>Whereas the Fund will not use any additional financing to fund the acquisition of the Second Additional Real Estate Properties, the debt structuring fees do not apply to the Second Subsequent Offering.</p>	Debt structuring fees (if applicable) are paid after obtaining the formal approval of the financier bank on the financing amount.
<b>Brokerage Fees</b>	2.5% of the property value	-	The Fund will pay brokerage fees on the Second Additional Real Estate Assets, a sum total of SAR 7,835,000.	Payable immediately upon the transfer of the title of the property
<b>Custody Fees</b>	SAR 50,000 paid once, and an annual fee of 0.025% of the Fund's total asset value, subject to a minimum of SAR 200,000	-	Calculated semi-annually of the Fund's NAV less fixed costs	Payable semi-annually





Fee	Percentage	Amount Levied	Calculation	Frequency of Payment
<b>Fund Operator Fees</b>	0.025% of the Fund's NAV	-	Calculated semi-annually of the Fund's NAV less fixed costs	Payable semi-annually
<b>Auditor's Fees</b>	-	SAR 80,000 annually	Lump sum annually on the Fund paid out of the Fund's total assets	Payable semi-annually
<b>Tax Advisor's Fees</b>	-	SAR 62,000 annually	Lump sum annually on the Fund paid out of the Fund's total assets	Payable semi-annually
<b>ZATCA Registration Expenses</b>	-	SAR 15,000 annually	Lump sum annually on the Fund paid out of the Fund's total assets	Payable annually
<b>Shari'a Supervisory Committee Fees</b>	-	SAR 15,000 annually	Lump sum annually on the Fund paid out of the Fund's total assets	Payable annually
<b>Independent Directors Remuneration</b>	-	The Fund pays SAR 5,000 per annum per Independent Director, in addition to an attendance fee of SAR 4,000 per meeting	Annual remuneration is calculated semi-annually, while attendance fees are calculated after each meeting	Payable semi-annually
<b>Regulatory Fees</b>	-	SAR 7,500 annually paid to the CMA	Lump sum annually on the Fund paid out of the Fund's total assets	Payable annually
<b>Saudi Tadawul Registration Fees</b>	-	The Fund is expected to pay the following fees for registration in the Tadawul:  1. SAR 50,000 + SAR 2 on each Unitholder, capped at SAR 500,000, payable to the Securities Depository Center Company ("Edaa") for the creation of a Unitholder's register (payable prior to the listing	1. Lump sum, payable one time, non-recurring out of the Fund's total assets  2. Lump sum based on the Fund's capital	1. Before the listing and trading of the Fund Units  2. Payable annually



Fee	Percentage	Amount Levied	Calculation	Frequency of Payment
		and trading of the Fund Units);  2. SAR 400,000 payable annually to the Securities Depository Center Company ("Edaa") for administering a Unitholder's register. Such fees may change from time to time commensurate with changes in the Fund's capital.		
<b>Saudi Tadawul Listing Fees</b>	-	The Fund is expected to pay the following listing fees:  1. SAR 50,000 initial listing fees; and  2. 0.03% of the Fund's market value per annum (with a minimum of SAR 50,000 and a maximum of SAR 300,000).	1. Lump sum, payable one time, non-recurring out of the Fund's total assets  2. Lump sum based on the Fund's market value	1. Before the listing and trading of the Fund Units  2. Payable annually
<b>Transaction Costs</b>	-	The Fund will be responsible for all the transaction costs, such as the cost relevant to acquiring any asset, liquidation,	Transaction costs and related services are calculated as a lump sum, paid once non-recurring  A budget of SAR 1,000,008 is allocated to pay costs of transactions related to the due diligence of the Second Additional Real Estate	Paid one time to service providers



Fee	Percentage	Amount Levied	Calculation	Frequency of Payment
		related studies, advisory, legal, technical and valuation and other due diligence requirements. The Fund also bears the costs of dividend distribution to investors in compliance with market standards.	Properties.	
<b>Financing Costs</b>	-	<p>These costs include the arranging fees received by the financier bank, plus the profit margin, as well as the expenses related to any hedging agreement made in compliance with the Shari'a Guidelines, if the Fund Manager decides to fix the SAIBOR rate of the facilities.</p> <p>Whereas the Fund obtained financing from Al Rajhi Bank, the costs of financing include the following:</p> <ol style="list-style-type: none"> <li>1. Arranging fees</li> <li>2. Profit margin at a percentage of</li> </ol>	Financing costs are calculated based on drawdown amounts	<ol style="list-style-type: none"> <li>1. Payable one time to the financier bank at the time of drawdown</li> <li>2. Profit margin plus SAIBOR payable semi-annually to the financier bank</li> <li>3. Cost of the hedging agreement to be determined at the time if the Fund Manager decides to fix the SAIBOR rate of the facilities</li> </ol>



Fee	Percentage	Amount Levied	Calculation	Frequency of Payment
		the drawdown plus SAIBOR for six months 3. Cost of the hedging agreement, to be determined at the time if the Fund Manager decides to fix the SAIBOR rate of the facilities		
<b>Property Management Fees</b>	-	The Fund bears all fees related to the operation, management and maintenance of all the real estate properties owned by the Fund, in accordance with the contracts signed with the specialized service providers or with the property lessees.	<ul style="list-style-type: none"> <li>- Almalga Residential Compound (the eight leased building): A sum of SAR 1,350,000 per annum, to be paid quarterly to Areeb Contracting Establishment as expenses and fees for the management of Almalga Residential Compound.</li> <li>- Almalga Residential Compound (The ten vacant buildings): Painite Company was appointed by a cost-plus contract providing for payment at cost plus 15% (up to a maximum of SAR 2,200,000), in addition to marketing commissions and fees of up to 7% of the collected rental revenues in respect of the new lease agreements, and 3.5% of the collected rental revenues in respect of the renewed lease agreements.</li> <li>- Palazzo Plaza: SAR 400,000 per annum, to be paid semi-annually to Numu Company Limited as expenses and fees for the management of Palazzo Plaza.</li> <li>- Other real estate assets: property management fees are not applicable as the lessee is responsible for the management of the property</li> </ul>	<ul style="list-style-type: none"> <li>- Almalga Residential Compound (the eight leased building): Quarterly.</li> <li>- Almalga Residential Compound (The ten vacant buildings): To be settled after submission of each invoice based on invoices submitted.</li> <li>- Palazzo Plaza: Semi-annually.</li> <li>- Other real estate assets: property management fees are not applicable as the lessee is responsible for the management of the property</li> </ul>



Fee	Percentage	Amount Levied	Calculation	Frequency of Payment
<b>Insurance Costs</b>		The Fund pays all insurance costs of the real estate assets	- The real estate assets insurance costs budget of SAR 851,200 was allocated annually to pay any costs related to property insurance	Payment frequency is annually excluding Gallery Mall and Al-Farabi Colleges Training Building, where the frequency is semi-annual.
<b>Development Fees</b>	-	In the event the Fund acquires projects under development in the future at a rate not exceeding 25% of the Fund's Total Asset Value as per the last audited financial statements, the Fund Manager will negotiate the relevant Development Fees to be incurred by the Fund and paid to developers on an arm's length basis in line with market prices. For the avoidance of doubt, the Fund did not incur any Development Fees in respect of the real estate assets.	Development fees are calculated as a percentage of the value of development works in accordance with contracting processes prevailing in the market	Payable one time, non-recurring, based on arrangements and contracts with developers
<b>Fund Assets Expenses</b>	-	When performing future	Fund assets expenses are calculated as a lump sum in accordance with common	Payable one time, non-recurring,



Fee	Percentage	Amount Levied	Calculation	Frequency of Payment
		development works, the Fund shall pay out of the Fund's assets to third party service providers all costs of design, engineering, procurement, supervision, property development and management of property development.	practices for each respective domain	based on arrangements and contracts with service providers
<b>Other Expenses</b>	Not more than 0.5% of the Fund's total assets	-	Payable upon obtaining the service.  A budget of SAR 150,000 was allocated to pay the fees of the Fund's Legal Advisor (The Law Office of Mohammad Al-Ammar (In Affiliation with King & Spalding LLP).	Payable upon request  - Budget
This table contains all fees and charges payable by the Fund. The Fund Manager will pay all fees and charges related to the Fund not listed above.				

## 2. Table Showing a Hypothetical Investment of the Unitholder

The table below shows a hypothetical and illustrative example of a client's investment in a sum total of SAR 1,000,000 for a period of ten years "Investment Period", assuming that the Fund's Capital at the time is SAR 1,410,088,480 and will not change throughout the Investment Period, and that the Fund will generate a total return on investment at a rate of 11.20% for the first year of the Second Subsequent Offering and at a rate of 11.20% per annum from the second year to the tenth year of the Second Subsequent Offering, and that the Fund will distribute 100% of the Fund's net returns annually, and that all the Fund's expenses will not change throughout the Investment Period. Moreover, Saudi Tadawul Registration and Listing Fees for the market value of the Fund were calculated annually at the maximum rate. The table below shows the share of the Unitholder of expenses and the net return on investment in Saudi Riyal based on the hypothetical example:



Unit Price	SAR 10
Number of Fund Units	141,008,848 Units
Hypothetical Capital of the Fund	SAR 1,410,088,480
Fund's Total Asset Value	SAR 2,062,727,909
Hypothetical Drawdown Financing Amount (Based on a Fund Financing Ratio of 43.52% of the Fund's Total Asset Value)	SAR 737,500,000
Hypothetical Annual Rent in the First Year of the Subsequent Offering	SAR 157,970,014
Hypothetical Annual Rent From the Second Year to the Tenth Year of the Subsequent Offering	SAR 157,970,014

Hypothetical Subscription Amount	SAR 1,020,000
Subscription Fees	SAR 20,000
Hypothetical Investment Amount	SAR 1,000,000
Hypothetical Number of Subscription Units	100,000 Units

	First Year of the Second Subsequent Offering		From Year 2 to Year 10 of the Second Subsequent Offering	
Type of Fees	Fund Fees	Investment Fees	Fund Fees	Investment Fees
<b>Recurring Fees and Expenses</b>				
Management Fees (9% of the net annual rent, provided Management Fees does not exceed 0.75% of the Fund's Net Asset Value)	9,523,841	6,754	9,523,841	6,754
Custodian Fees (0.025% of the Fund's Total Asset Value)	490,675	348	490,675	348
Fund Operator Fees (0.025% of the Fund's Net Asset Value)	331,306	235	331,306	235
Auditor Fees (SAR 80,000)	75,000	53	80,000	57
Shari'a Advisor Fees (SAR 15,000)	15,000	11	15,000	11
Independent Directors' Remuneration (SAR 42,000)	26,000	18	42,000	30
Tax Advisor Fees (SAR 62,000)	62,000	44	62,000	44
ZATCA Registration Expenses (SAR 15,000)	0	0	15,000	11





Saudi Tadawul Listing and Registration Fees	797,567	566	797,567	566
Regulatory Fees (SAR 7,500)	7,500	5	7,500	5
Other Expenses (professional and operational services, advisory expenses, regulatory fees and legal fees)	4,435,221	3,145	4,435,221	3,145
Property Management Fees	3,950,000	2,801	3,950,000	2,801
Insurance Costs	851,200	604	851,200	604
Land Lease and Improvements to the Initial Real Estate Assets	1,623,479	1,151	1,623,479	1,151
Financing Costs	33,833,500	23,994	33,833,500	23,994
<b>Total Recurring Fees and Expenses</b>	<b>56,022,289</b>	<b>39,729</b>	<b>56,058,289</b>	<b>39,755</b>

<b>Ratio of Fund's Recurring Costs to Total Asset Value</b>	<b>2.72%</b>		<b>2.72%</b>	
<b>Ratio of Fund's Recurring Costs to Capital</b>	<b>3.97%</b>		<b>3.97%</b>	
<b>Hypothetical Net Investment Amount Before Return</b>	<b>1,325,227,909</b>	<b>939,819</b>	<b>1,325,227,909</b>	<b>939,819</b>
<b>Total Return Earned*</b>	<b>157,970,014</b>	<b>112,028</b>	<b>157,970,014</b>	<b>112,028</b>
<b>Total Return Earned (%)</b>	<b>11.20%</b>		<b>11.20%</b>	
<b>Hypothetical Net Investment Amount After Return</b>	<b>1,483,197,923</b>	<b>1,051,847</b>	<b>1,483,197,923</b>	<b>1,051,847</b>
<b>Hypothetical Net Return on Investment</b>	<b>101,947,725</b>	<b>72,299</b>	<b>101,911,725</b>	<b>72,273</b>
<b>Hypothetical Net Return on Investment (%)</b>	<b>7.23%</b>		<b>7.23%</b>	

The ZATCA Registration Expenses item was added for the sake of compliance with ZATCA's circular in relation to the Fund Manager's compliance with the Zakat Collection Rules, in accordance with Ministerial Resolution issued by H.E. Minister of Finance, Chairman of the Board of ZATCA, No. 29791 dated 09.05.1444.

<b>Non-Recurring Fees and Expenses (Paid out of the Fund's Capital Related to the Second Subsequent Offering)**</b>				
<b>Debt Structuring Fees</b>	N/A	N/A	N/A	N/A
<b>Financing Costs (Financing Arrangement Fees)</b>	N/A	N/A	N/A	N/A
<b>Other Expenses – Legal Advisor Fees</b>	150,000	106	N/A	N/A
<b>Initial Registration and Listing Fees</b>	110,000	78	N/A	N/A



<b>Costs of Transactions Related to Due Diligence and the Valuation of the New Real Estate Assets</b>	1,000,008	709	N/A	N/A
<b>Brokerage Fees</b>	7,835,000	5,556	N/A	N/A
<b>Capital Structuring Fees</b>	N/A	N/A	N/A	N/A
<b>Total Non-Recurring Fees and Expenses (Paid out of the Fund's Capital Related to the Subsequent Offering)</b>	<b>9,095,008</b>	<b>6,450</b>	N/A	N/A
<b>Ratio of Total Non-Recurring Fees and Expenses to Total Asset Value</b>	<b>0.44%</b>		N/A	N/A
<b>Ratio of Total Non-Recurring Fees and Expenses to Fund's Capital</b>	<b>0.64%</b>		N/A	N/A

\* Target Total return of 11.20% in the first year of the Second Subsequent Offering and 11.20% per annum from the second year to the tenth year of the Second Subsequent Offering (excluding the Value Added Tax)

\*\* The proceeds of the Second Subsequent Offering will be used to acquire the Second Additional Real Estate Assets and pay the initial fees, costs and charges (non-recurring) relevant to the Second Subsequent Offering

#### Hypothetical Example of Calculation of Management Fees

<b>Hypothetical Net Asset Value of the Fund</b>	<b>SAR 900.54 million</b>
<b>Hypothetical Net Annual Rent</b>	<b>SAR 112.03 million</b>
Management Fees of 9% per annum of the net annual collected rent, provided Management Fees does not exceed 0.75% of the Fund's Net Asset Value:	
9% per annum of the net annual rent	SAR 10.08 million
0.75% of the Fund's Net Asset Value	SAR 6.75 million
<b>Adopting the lower value, total Management Fees applied in respect of the Fund is 0.75% of the Fund's Net Asset Value</b>	<b>SAR 6.75 million</b>
<b>Hypothetical Number of Subscription Units</b>	<b>100,000 Units</b>
<b>Hypothetical Investment Amount</b>	<b>SAR 1,000,000</b>
<b>Management Fees</b>	<b>SAR 6,754</b>

The Fund Manager acknowledges that fees referred to in this paragraph are inclusive of all fees levied on the Fund, and the Fund Manager will bear any fee that is not mentioned



## Liability

The Fund Manager will take all necessary steps to the best of its knowledge and with reasonable care to the benefit of the Unitholders. The Fund Manager, its directors, officers, employees, agents, advisors, affiliates and related parties, the Custodian, each Property Manager, the Shari'a Supervisory Committee and the Fund Board (each referred to as "Indemnified Party") shall not have any liability to the Fund or to any investor for any loss the Fund may incur as a result of any act by any of the aforementioned parties in carrying out or refraining from carrying out, their obligations to the Fund. In such event, any Indemnified Party who seeks to rely on the provisions of this Paragraph, must have acted in good faith and in a manner that the Indemnified Party believes is in the best interest of the Fund, and that such act does not involve any gross negligence, fraud or malicious mischief.

The Fund shall indemnify and hold harmless each Indemnified Party against all claims, expenses, damages, costs, demands and liabilities which any or all of them may be exposed to, arising in any manner or form out their performance of their obligations to the Fund, unless resulting from any fraud, gross negligence or malicious mischief on the part of the relevant Indemnified Party.

## 16. Insurance

The Fund Manager bears all costs of insurance of the properties owned by the Fund. An annual budget of SAR 851,200 was allocated to the insurance coverage of the real estate assets, to pay any costs related to the insurance of the properties. The Fund will bear the actual expenses only, which will be disclosed based on the last reviewed proforma financial statements or last audited annual financial statements, whichever is more recent. The details of the insurance costs are as follows:

Name of the Property	Name of the Insurer	Details of the Insurance Coverage	Annual Cost (Budget)	
Almalga Residential Compound	Al Rajhi Company for Cooperative Insurance (Al Rajhi Takaful)	- The property will be insured under a general liability insurance policy.	140,000	Annual
		- The property will be insured under a general liability insurance policy.		
Gallery Mall	Al Rajhi Company for Cooperative Insurance (Al Rajhi Takaful)	- The property will be insured under an installers risk insurance policy.	55,000	Semi Annual
Palazzo Center	Al Rajhi Company for Cooperative Insurance (Al Rajhi)	- The property will be insured under a general liability insurance policy.	25,000	Annual
		- The property will be insured under a property insurance policy.		



	Takaful)			
Home Works Center*	Al Rajhi Company for Cooperative Insurance (Al Rajhi Takaful)	– The property will be insured under a general liability insurance policy.	25,000	Annual
		– The property will be insured under a property insurance policy.		
Ahlan Court	Al Rajhi Company for Cooperative Insurance (Al Rajhi Takaful)	– The property will be insured under a general liability insurance policy.	20,000	Annual
		– The property will be insured under a property insurance policy.		
BIN II Plaza	Al Rajhi Company for Cooperative Insurance (Al Rajhi Takaful)	– The property will be insured under a general liability insurance policy.	35,000	Annual
		– The property will be insured under a property insurance policy.		
Elite Commercial Center	Al Rajhi Company for Cooperative Insurance (Al Rajhi Takaful)	– The property will be insured under a general liability insurance policy.	50,000	Annual
		– The property will be insured under a property insurance policy.		
Elegance Tower	Al Rajhi Company for Cooperative Insurance (Al Rajhi Takaful)	– The property will be insured under a general liability insurance policy.	207,000	Annual
		– The property will be insured under a property insurance policy.		
Al-Farabi Colleges	Al Rajhi Company for Cooperative Insurance (Al Rajhi Takaful)	– The property will be insured under a general liability insurance policy.	105,000	Annual
		– The property will be insured under a property insurance policy.		
Al-Farabi Colleges Training Building	Al Rajhi Company for Cooperative Insurance (Al Rajhi Takaful)	– The property will be insured under an installers risk insurance policy.	32,500	Semi Annual
Vision Education Colleges – Jeddah	Al Rajhi Company for Cooperative Insurance (Al Rajhi Takaful)	– The property will be insured under an installers risk insurance policy.	50,000	Semi Annual
Akun	Al Rajhi	– The property will be insured under	106,700	Semi



Warehouses	Company for Cooperative Insurance (Al Rajhi Takaful)	an installers risk insurance policy.		Annual
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Note: The Fund bears all of the above mentioned insurance costs of the initial and first and second additional real estate assets.

\* The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.

## 17. Fund Assets

### (a) Process of Registration of Title of Fund Assets

The title of the Fund's assets shall be registered in the name of a special purpose vehicle to be established by the Custodian.

### (b) Detailed Statement of the Following:

#### 1. Names of Fund Appointed Valuers:

The Fund Manager will evaluate the Fund's real estate assets based on a valuation prepared by two independent real estate valuers accredited by the Saudi Authority for Accredited Valuers (TAQEEM). The Fund Manager is entitled to replace any existing Fund valuer or to appoint a new valuer without prior notice to the Unitholders, subject to the Fund Board's approval and the process defined by CMA. The said appointment by the Fund manager shall take into consideration the Fund Manager fiduciary responsibilities to the Unitholders. The appointed values are as follows:

Fund Appointed Valuers	White Cubes	Abaad Real Estate Valuation Company (Formerly Intimaa Advanced Company)	Esnad Real Estate Valuation Company	Century 21 Real Estate Valuation & Partner (Century 21 Saudi Arabia)
Logo				
Address	No. 408, Al Malga Prince Muhammad bin Saad Road P.O. Box 2955, Riyadh 13524 Kingdom of Saudi Arabia	Osh Building, 5th Floor, Office 22 Mohammed Ibrahim Masoud Street, Al Salamah District P.O. Box 4688, Jeddah 23524 Kingdom of Saudi Arabia	Al Nahda District, Mohammed Bin Abi Bakr Street P.O. Box 21454 Jeddah 1575 Kingdom of Saudi Arabia	Riyadh - Anas Bin Malik Road - Al Malqa District
Contact Info	+966 11 254 2126	920004134	+966 12 206 4111	920013586



<b>Website</b>	<a href="http://whitecubesre.com">http://whitecubesre.com</a>	None	<a href="http://www.esnadrealestate.com">www.esnadrealestate.com</a>	<a href="https://century21.sa/">https://century21.sa/</a>
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2. Method of Valuation of Each of the Fund's Assets:

The Fund's NAV per Unit ("NAV per Unit") is calculated by discounting the Fund's total obligations, including any financial obligations and fees and charges payable by the Fund during the calculation period, out of the Fund's total assets. The result of this calculation shall be divided by the number of Fund Units, to obtain the indicative value of the Fund's Units (NAV per Unit).

The Fund's total asset value is the total market value of all real estate assets, cash, profits generated by Fund investments, all amounts due, the market value of all non-real estate investments, and the present value of any other assets owned by the Fund. For the purposes of valuation of real estate assets, the Fund Manager will use the average value obtained from (at least) two independent real estate valuers, approved by the Fund Board and accredited by TAQEEEM.

3. Valuation of Each Asset to be Invested in:

The Fund Manager shall ensure that the valuation reports of the Fund's assets are published and made available to the public on its website, as well as Saudi Tadawul website. They shall be published immediately during the Offering Period. The date of preparation of the report shall not exceed three (3) months after the Offering Date. The valuation reports will also be added periodically – in accordance with the Real Estate Investment Funds Regulations – at least once every six months. If more than two accredited valuers are used, the reports of all the valuers shall be published.

Following is an overview of the valuation of the Fund's real estate assets:

Valuation of the Initial Assets (as at July 2018)

Two accredited valuers licensed by TAQEEEM prepared an independent valuation of the Fund's Initial Real Estate Assets. Following is a summary of the values and date of valuation of the assets:



Property	Valuer				Approved Acquisition Value (SAR million)
	White Cubes		Abaad		
	Valuation (SAR million)	Valuation Date	Valuation (SAR million)	Valuation Date	
Almalga Residential Compound	307.5	July 2018	324.8	July 2018	314.0
Gallery Mall	189.3	July 2018	164.9	July 2018	155.0
Palazzo Center	93.0	July 2018	100.6	July 2018	93.3
Home Works Center*	88.0	July 2018	89.2	July 2018	78.0
Ahlan Court	70.0	July 2018	72.2	July 2018	70.0
BIN II Plaza	95.0	July 2018	87.7	July 2018	90.0
Elite Commercial Center	162.4	July 2018	156.8	July 2018	160.0
Total	1,005.2	-	996.2	-	960.3

Notes:

- Almalga Residential Compound, Gallery Mal, Palazzo Center, Ahlan Court and Elite Commercial Center were valued based on the property cash flow without taking into consideration any total leasing arrangement of the properties. BIN II Center was valued according to the method used in the valuation report, by calculating cost, knowing that the estimated value of the property is SAR 76.05 million using the cash flows method.
- Home Works Center was valued based on the lease agreement signed with the lessee (Al-Futaim International Trading Company), being an entity independent of the property owner.
- \* The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.

Valuation of the First Additional Real Estate Assets (as at February 2020)

Two accredited valuers licensed by TAQEEM prepared an independent valuation of the Fund's new Real Estate Assets. Following is a summary of the values and date of valuation of the assets:

Property	Valuer						Approved Acquisition Value (SAR million)
	White Cubes			Abaad			
	Valuation (SAR million)	Valuation Date	Valuation Method	Valuation (SAR million)	Valuation Date	Valuation Method	
Elegance Tower	451.57	February 2020	Discounted Cash Flows	436.64	February 2020	Discounted Cash Flows	414.00



Property	Valuer						Approved Acquisition Value (SAR million)
	White Cubes			Abaad			
	Valuation (SAR million)	Valuation Date	Valuation Method	Valuation (SAR million)	Valuation Date	Valuation Method	
Al-Farabi Colleges	213.33	February 2020	Discounted Cash Flows	210.00	February 2020	Discounted Cash Flows	210.00
Al-Farabi Colleges Training Building	70.62	February 2020	Discounted Cash Flows	70.00	February 2020	Discounted Cash Flows	65.00
Total	735.52	-	-	716.64	-	-	689.00

Note: The Fund's real estate assets were valued by the two accredited valuers after verifying that the contractual lease values are within the range of the market lease values.

#### Valuation of the Second Additional Real Estate Assets (as at August 2020)

Two accredited valuers licensed by TAQEEM prepared an independent valuation of the Fund's Second Additional Real Estate Assets. Following is a summary of the values and date of valuation of the assets:

Property	Valuer						Approved Acquisition Value (SAR million)
	White Cubes			Valuation Expert Company			
	Valuation (SAR million)	Valuation Date	Valuation Method	Valuation (SAR million)	Valuation Date	Valuation Method	
Vision Education Colleges - Jeddah	100.00	July 2020	Discounted Cash Flows	96.00	October 2020	Discounted Cash Flows	100.00
Akun Warehouses	220.69	July 2020	Discounted Cash Flows	216.00	October 2020	Discounted Cash Flows	213.40

Note: The Fund's real estate assets were valued by the two accredited valuers after verifying that the contractual lease values are within the range of the market lease values.

#### (e) Valuation Frequency and Timing

The Fund Manager announces that NAV per Unit twice per year, as at the last business day of June and December of each year (this day is referred to as the "Valuation Day").



**(c) Announcement of Net Asset Value per Unit**

The Fund Manager announces the Fund's NAV within 30 business days after the relevant Valuation Day. Unitholders are notified of the valuation by way of periodic reports. This information shall be made available on the websites of the CMA and the Fund Manager. Periodic reports shall include – without limitation – the following:

1. Acquired properties
2. Names of valuation companies
3. Date of each valuation report
4. Valuation amount of each property
5. Average of the valuations
6. Purchase price of each property.

**18. Fund Board**

The Fund Manager will appoint a Fund Board to oversee certain activities of the Fund and act in the best interest of the Fund and Fund Unitholders. The Fund Board and the Fund Manager shall collaborate to ensure the success of the Fund.

**(a) Names and Qualifications of the Fund Board Members and Disclosure of Fund Board Independent Members**

The Fund Board will comprise of five members to be appointed by the Fund Manager, including two independent directors. The Unitholders will be notified of any change in the formation of the Fund Board by publication on the Fund Manager's website and Saudi Tadawul's website, subject to the approval of the Fund Board and the CMA.

The Fund Board will be comprised of the following members:

- **Mr. Ammar Ahmed Saleh Shata (Chairman – Non-Independent Director)**
  - Mr. Ammar is the Founder and Chairman of the Board of Alkhabeer Capital.
  - He has over 30 years of experience in the fields of corporate finance, structured finance, asset management, Islamic financial product development and Islamic investment and banking services.
  - He holds a master's degree in economic planning and a bachelor's degree in electrical engineering from the University of Southern California, United States of America.
  - He is also a CFA charter holder.
- **Mr. Ahmed Saud Hamza Ghouth (Non-Independent Director)**
  - Mr. Ahmed is a Board Member and the CEO of Alkhabeer Capital.
  - He has more than 20 years of experience in corporate banking services, Islamic finance, asset management and private equity. Currently, he is a board member of several real-estate funds, private equity funds and capital market listed funds.

- During his previous engagement with the National Commercial Bank (NCB), he gained extensive expertise in loan portfolio management and Islamic loan structuring. His responsibility to oversee the Asset Management Department at Alkhabeer Capital has exposed him further to various expertise in real estate development and income generating funds as well as equity funds.
  - He holds a bachelor's degree in accounting from King Fahad University of Petroleum and Minerals, Dhahran, Saudi Arabia.
- **Mr. Hisham Omar Ali Baroum (Non-Independent Director)**
    - Mr. Hisham is the Deputy Chief Executive Officer of Alkhabeer Capital.
    - He has more than 20 years of experience in the management of financial institutions, management of investments and business development.
    - Prior to joining Alkhabeer Capital, he served as Executive Vice President at Elaf Group, where he was responsible for planning and strategy implementation. He began his career at the Asset Management Group of the National Commercial Bank (NCB), where he served for nine years in various roles.
    - He holds a bachelor's degree in accounting from King Abdulaziz University in Saudi Arabia, and has a diploma in investment portfolio management and financial markets from the Arab Academy for Banking and Financial Sciences.
- **Mr. Farouq Fouad Ahmed Ghulam (Independent Director)**
    - Mr. Farouq is the Vice President and the Chairman's Advisor of Rusd International Holding Group. He is engaged in the management of the Group's domestic and international companies. In addition, he is actively involved in making risk and investment decisions related to the Group.
    - He has more than 20 years of comprehensive experience in legal affairs, Islamic finance, investment and financial structuring.
    - He served as Executive Partner and the Head of Asset Management at Alkhabeer Capital (from August 2006 to August 2009). Prior to that, he was the Head of Product Development and Operational Risks at the National Commercial Bank (NCB), where he was responsible for launching and structuring investment funds.
    - He holds an LLM degree, specializing in international business and trade transactions from Washington College of Law, USA, and a law degree from King Abdul Aziz University, Jeddah, KSA.
- **Mr. Adil Abdullah Samoum (Independent Director)**
    - Adil is a licensed financial advisor, international arbitrator, and the Chief Executive of Samoum Financial Consultancy Firm.
    - He is the Owner and President of Al-Awadliyah Trading Group.
    - He serves as Chairman of Zamalat Institute, President of Alaamal Training Institute and President of Dar Altawteen National.
    - He has held several key financial positions at Saudi Arabian Airlines over a period of 23 years including Chairman of the privatization financial team and Technical Services CFO.
    - He has a bachelor's degree in accounting from King Abdulaziz University, Jeddah, Saudi Arabia.

**(b) Total Remuneration Expected to be Paid to the Directors During the Term of the Fund**

The Fund shall pay SAR 5,000 per annum to each independent director, plus an attendance fee of SAR 4,000 for each meeting. Two independent directors were appointed for the Fund. Therefore, the total remuneration to be paid to both directors will be a lump sum of SAR 10,000 per annum, plus an attendance fee of SAR 4,000 per meeting to each member. It is expected that a minimum of two meetings (and a maximum of four meetings) will be held each year. Thus the total attendance fee expected to be paid to both directors will be a minimum of SAR 16,000 (and a maximum of SAR 32,000) per annum.

As such, the total remuneration expected to be paid to the two independent directors during the year is a minimum of SAR 26,000 (and a maximum of SAR 42,000).

Non-independent directors will not receive any fees. However, the Fund will pay all actual costs of travel and accommodation reasonably incurred by each Director to attend meetings. The annual fees will be calculated and paid semi-annually.

**(c) Any Business Activity of other Interest of the Fund Board Members or the Fund Manager which may Conflict with the Interests of the Fund**

In the event of any conflict of interest, the Fund Manager must at all times abide by its duties towards the Fund (including the obligations imposed on it under the Investment Funds Regulations issued by the Capital Market Authority). In the event of a conflict of interest, the Fund Manager will deal with all Unitholders in a fair manner, and will not favor any of them over the other. The Fund's Board of Directors will seek to find a fair settlement of any disputes between the Fund and other collective investment programs that include related parties. Transactions with related parties, if any, shall be carried out on an arm's length basis. Procedures for dealing with cases of conflict of interest will be provided to Unitholders based on a written request addressed to the Fund Manager. The policies and procedures to be followed to address conflicts of interest and any potential and/or actual conflicts of interest will be provided upon request at no charge. At present, there exists no actual or potential conflict between the interests of the Fund Board and the interests of the Fund.

**(d) Description of the Nature of Services Provided by Fund Board Members**

The Fund Board shall be responsible for the following:

- Approving all material contracts, decisions and reports to which the Fund is a party, including - without limitation – approving contracts for providing management services to the Fund, and contracts for providing custody services, but excluding contracts entered into pursuant to investment decisions related to underlying investments acquired by the Fund or to be acquired by the Fund in the future.
- Reviewing the report that includes assessment of the performance and quality of services provided by the parties involved in providing significant services to the Fund referred to in sub-paragraph (6) of paragraph (c) of Article (13) of the Real Estate Investment Funds



Regulations, in order to ensure that the Fund Manager fulfils his responsibilities in the interest of Unitholders in accordance with the terms and conditions of the fund and the provisions stipulated in the Real Estate Investment Funds Regulations.

- Adopt a written policy regarding voting rights related to the Fund's assets.
- Supervising, and where appropriate, approving or ratifying of any conflict of interest disclosed by the Fund Manager.
- Meeting at least twice a year with the Fund Manager's compliance committee or with the Compliance Officer to review the Fund Manager's compliance with all applicable rules, laws and regulations, including (without limitation) the requirements stipulated in the Real Estate Investment Funds Regulations.
- Approving all changes stipulated in Articles (26) and (27) of the Real Estate Investment Funds Regulations prior to the fund manager obtaining the Unitholders' and the CMA's approval, or prior to notifying them (where applicable).
- Confirming the completeness and accuracy of the Fund's Terms and Conditions and any other document (contract or otherwise) containing disclosures related to the Fund, the Fund Manager and its management of the Fund, in addition to ensuring that the foregoing complies with the provisions of the Real Estate Investment Funds Regulations.
- Ensuring that the Fund Manager carries out its obligations in the best interests of the unitholders, in accordance with the Real Estate Investment Funds Regulations and the Terms and Conditions of the Fund.
- Assessing the mechanism of the Fund Manager's handling of the risks related to the Fund's assets in accordance with the Fund Manager's policies and procedures that detect the Fund's risks and how to treat such risks.
- Having a fiduciary duty to Unitholders, including a duty to act in good faith, a duty to exercise all reasonable care and skill in the best interests of the Unitholders.
- Taking minutes of meetings that provide all deliberations and facts of the meetings and the decisions taken by the Fund Board.
- Reviewing the report that includes all complaints and the measures taken to address them referred to in sub-paragraph (12) of paragraph (e) of Article (13) of the Real Estate Investment Funds Regulations, in order to ensure that the Fund Manager fulfils its responsibilities in the interest of unitholders in accordance with the Terms and Conditions of the fund and the provisions stipulated in the Real Estate Investment Funds Regulations.

The Fund Manager shall provide all necessary information on the affairs of the Fund to all Fund Board members to enable them to carry out their duties. None of the Fund Board members may be held liable to the Unitholders for any damages, losses, costs, expenses or other obligations incurred by the Unitholder or the Fund's assets, unless caused by wilful misconduct, malicious intent or gross negligence on the part of the Fund Board members.



**(e) Statement Showing any Other Funds Managed by any of the Fund Board Members**

Name	Fund	Title
<b>Ammar Ahmed Saleh Shata</b>	- Alkhabeer Real Estate Residential Development Fund II	Chairman
	- Alkhabeer Real Estate Opportunity Fund I	Chairman
	- Alkhabeer Education Private Equity Fund I	Chairman
	- Alkhabeer GCC Opportunity Company	Chairman
	- Alkhabeer Industrial Private Equity Co. III	Chairman
	- Alkhabeer Waqf Fund I	Chairman
	- Alkhabeer Diversified Income Traded Fund	Chairman
	- Alkhabeer REIT Fund	Chairman
	- Alkhabeer Growth Income Traded Fund	Chairman
<b>Ahmed Saud Hamza Ghouth</b>	- Alkhabeer Real Estate Residential Development Fund II	Director
	- Alkhabeer Diversified Income Traded Fund 2030	Chairman
	- Alkhabeer Real Estate Opportunity Fund I	Director
	- Alkhabeer Hospitality Fund I	Chairman
	- Alkhabeer Real Estate Opportunity Fund II	Chairman
	- Alkhabeer Industrial Private Equity Co. III	Director
	- Alkhabeer Education Private Equity Fund I	Director
	- Alkhabeer GCC Opportunity Company	Director
	- Alkhabeer Education Private Equity Fund II	Chairman
	- Alkhabeer Education Private Equity Fund III	Chairman
	- Alkhabeer Education Private Equity Fund IV	Chairman
	- Alkhabeer Education Private Equity Fund V	Chairman
	- Alkhabeer Education Private Equity Fund 6	Chairman
	- Alkhabeer Education Private Equity Fund 7	Chairman
	- Alkhabeer Waqf Fund I	Director
	- Alkhabeer Diversified Income Traded Fund	Director
	- Alkhabeer REIT Fund	Director
	- Alkhabeer Industrial Private Equity Fund 4	Chairman
	- Alkhabeer Saudi Private Equity Fund 1	Chairman
	- Alkhabeer Saudi Private Equity Fund 2	Chairman
	- Alkhabeer Growth Income Traded Fund	Director
	- Alkhabeer Car Rental Private Equity Fund	Chairman
	- Alkhabeer Private Multi Asset Fund I	Chairman
	- Alkhabeer Saudi Riyal Murabaha Fund	Chairman
<b>Hisham Omar Ali Baroum</b>	- Alkhabeer Hospitality Fund I	Director
	- Alkhabeer Real Estate Opportunity Fund II	Director
	- Alkhabeer Education Private Equity Fund II	Director
	- Alkhabeer Education Private Equity Fund III	Director
	- Alkhabeer Education Private Equity Fund IV	Director
	- Alkhabeer Education Private Equity Fund V	Director
	- Alkhabeer Industrial Private Equity Co. III	Director
	- Alkhabeer GCC Opportunity Company	Director
	- Alkhabeer Education Private Equity Fund 6	Director
	- Alkhabeer Education Private Equity Fund 7	Director
	- Alkhabeer Diversified Income Traded Fund	Director
	- Alkhabeer REIT Fund	Director
	- Alkhabeer Growth Income Traded Fund	Director
	- Alkhabeer Saudi Private Equity Fund 1	Director
	- Alkhabeer Saudi Private Equity Fund 2	Director
	- Alkhabeer Industrial Private Equity Fund 4	Director
	- Alkhabeer Car Rental Private Equity Fund	Director



	- Alkhabeer Private Multi Asset Fund I	Director
	- Alkhabeer Saudi Riyal Murabaha Fund	Director
	- Alkhabeer Diversified Income Traded Fund 2030	Director
Farouq Fouad Ahmed Ghulam	- Alkhabeer Real Estate Opportunity Fund I	Director
	- Alkhabeer Diversified Income Traded Fund	Director
	- Alkhabeer REIT Fund	Director
	- Alkhabeer Waqf Fund I	Director
	- Alkhabeer Growth Income Traded Fund	Director
	- Alkhabeer Diversified Income Traded Fund 2030	Director
Adil Abdullah Ismail Samoum	- Alkhabeer Real Estate Residential Development Fund II	Director
	- Alkhabeer Real Estate Opportunity Fund I	Director
	- Alkhabeer Real Estate Opportunity Fund II	Director
	- Alkhabeer REIT Fund	Director

**(f) The Fund Manager declares that all Fund Board Members Satisfy the Following Qualification Requirements**

1. Are not adjudicated bankrupt or insolvent.
2. Have not committed any act of fraud, crime against honor or breach of trust.
3. Have the requisite skills and experience.

**(g) The Fund Manager further acknowledges that each of the two Independent Directors satisfies the definition of “Independent Director” as contained in the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority.**

**19. Fund Manager**

**(a) Name and Address of the Fund Manager**

Name: Alkhabeer Capital  
Address: P.O. Box 128289  
Jeddah, 21362  
Kingdom of Saudi Arabia  
Tel.: +966- 920010707  
Fax: +966-12 658 6663  
CR No.: 4030177445  
CMA License: 07074-37  
Website: [www.alkhabeer.com](http://www.alkhabeer.com)

- (b)** The Fund Manager is a closed joint stock company incorporated in the Kingdom of Saudi Arabia under Commercial Registration No. 4030177445 issued by the Ministry of Commerce and Investment, and licensed by the CMA as a Capital Market Institution in accordance with the Capital Markets Institutions Regulations issued by the Board of the CMA, License No. 07074-37 dated 04/07/2007, to engage in the following: (i) dealing, (ii) arranging, (iii) advising, (iv) managing investments and operating funds, and (v) custody.

**(c) Letter issued by the Fund Manager concerning the professional due diligence report in the format provided in Annex (8) of the Real Estate Investment Funds Regulations.**

For further detail, please refer to Appendix (10).

**(d) Fund Manager's Roles, Duties and Responsibilities**

The Fund Manager shall appoint an investment portfolio manager registered with the CMA in accordance with the Capital Market Institutions Regulations issued by the CMA, to oversee management of the assets of the Fund.

The Fund Manager will provide management and other services to the Fund, including without limitation, the following:

- Setting out decision making procedures that should be followed when performing technical and administrative activities for the Fund's businesses and projects.
- Complying with all laws and regulations in effect in the Kingdom applicable to the Fund's business.
- Implementing a compliance monitoring program for the Fund and providing the CMA with the results of the implementation of the program upon its request.
- Developing policies and procedures that detect risks affecting the Fund's investments and ensuring treatment of these risks as soon as possible. These policies and procedures must include conducting risks assessment, at least once a year.
- Cooperating with all persons concerned with the performance of tasks for the Fund, including the Custodian and the Auditor. The Fund Manager must provide them with whatever necessary to perform their duties and tasks in accordance with the Real Estate Investment Funds Regulations.
- Preparing an annual report that includes an assessment of the performance and quality of services provided by the parties involved in providing material services to the fund - including the Custodian, Developer and Property Manager as applicable - and the fund manager must submit the report referred to in this paragraph to the Fund Board.
- Managing the Fund's assets in favor of the Unitholders benefit according to the Fund's Terms and Conditions.
- Ensuring the legality and validity of all contracts concluded for the benefit of the Fund.
- The Fund Manager shall have the primary responsibility for compliance with the Real Estate Investment Funds Regulations. Any delegation of the Fund Manager's responsibilities and duties to any other person pursuant to the Real Estate Investment Funds Regulations shall not in any way limit, reduce or satisfy the fund manager's responsibilities under the Real Estate Investment Funds Regulations and the Capital Market Institutions Regulations. The Fund Manager shall be responsible to unitholders for losses incurred by the investment fund which are caused by, fraud, negligence, misconduct or willful default of the Fund Manager.



- The Fund manager shall comply with the provisions of Annex (12) of the Real Estate Investment Funds Regulations when applying for an approval of the CMA or sending notifications to the CMA.
- The Fund Manager shall comply with the Fund Terms and Conditions.
- The Fund manager shall prepare an annual report that includes all complaints and the measures taken to address them, and it shall submit such report to the Fund Board.
- The Fund Manager shall comply with the Instructions for Investment Funds Announcements.

**(e) Provisions Governing the Removal or Replacement of the Fund Manager**

The CMA may remove the Fund Manager and take any action it deems appropriate to appoint a replacement Fund Manager, in any of the following events:

1. If the Fund Manager ceases to perform the management activity without notifying the CMA thereof in accordance with the Capital Markets Institutions Regulations.
2. If the CMA cancels, withdraws or suspends the Fund Manager's license to engage in the investment management and fund operation activities.
3. If the Fund Manager files an application with the CMA to cancel, withdraw or suspend its license to engage in the investment management and fund operation activities.
4. If the CMA determines that the Fund Manager is in breach – to an extent that the CMA deems material – of an obligation under the Capital Market Law and its Implementing Regulations.
5. In the event of death, incapacitation or resignation of the investment portfolio manager who manages the Fund's assets, and the unavailability of another person registered with the Fund Manager capable of managing the assets of the Fund.
6. If the Fund Unitholders issue a special resolution to remove the Fund Manager.
7. In any other event which the CMA reasonably finds to be materially significant.

If the Fund Manager is removed in any of the events described in sub-paragraphs (1), (2), (3), (4), (5) and (7) above, the CMA shall invite the removed the Fund Manager to a meeting of the Unitholders within (15) business days after the date of issue of the CMA's removal resolution, in order to appoint the Custodian or any other party by an Ordinary Resolution of the Fund, to search for and negotiate with the replacement fund manager and specify the search and negotiation period.

When the Fund Manager is removed in the event described in sub-paragraph (6) above, it shall obtain an Ordinary Resolution of the Fund during the same meeting during which the Unitholders voted to remove the Fund Manager, to appoint the Custodian or any other party to search for and negotiate with the replacement fund manager and specify the search and negotiation period.

Upon occurrence of any of the events described in the foregoing two paragraphs, the Fund Manager shall notify the CMA of the results of the Unitholders' meeting within two business days after the date of the meeting.



The Fund Manager shall cooperate and provide the Custodian or the appointed entity authorized to search and negotiate with any documents requested from it for the purpose of appointing a Fund Manager, within (10) days after the date of the request. Both parties shall ensure confidentiality.

Upon approval of the replacement Fund Manager of the management of the Fund and the transfer of the Fund management to it, the Fund Manager shall send the written consent of the replacement Fund Manager to the CMA immediately upon receiving it.

If the CMA exercises any of its authorities in accordance with any of the paragraphs (1) to (7) above, the Fund Manager shall fully cooperate to help facilitate the seamless transfer of responsibilities to the replacement Fund Manager within sixty (60) days following the date of appointment of the replacement Fund Manager. The removed Fund Manager shall, whenever necessary and appropriate, and subject to the absolute discretion of the CMA, transfer to the replacement Fund Manager all the contracts related to the relevant real estate investment fund.

The Unitholders may request liquidation of the Fund by a Special Resolution of the Fund if a replacement Fund Manager is not appointed during the specified search and negotiation period referred to above.

**(f) Description of Any Material Conflict of Interest Which may Affect the Fund Manager's Performance of its Obligations Towards the Fund**

There is no material conflict of interest on the part of the Fund Manager which may affect the performance of its obligations towards the fund.

**(g) Delegation by the Fund Manager to a Third Party any Role or Functions related to the Operation of the Fund, with a Detailed Description**

The Fund Manager shall be responsible for managing the Fund, and for the appointment of any third party (including any of its affiliates) for carrying out any of its foregoing responsibilities. The Fund Manager may appoint third parties and solicit their services in order to enhance the performance of the Fund.

**(h) Disclosure of Whether the Fund Manager Intends to Invest in Fund Units, and the Value of Such Investments**

The Fund Manager may from time to time invest in the Fund, provided the Fund Manager discloses any investment it has in the Fund at the end of each Fiscal Year in the Summary Financial Disclosure.

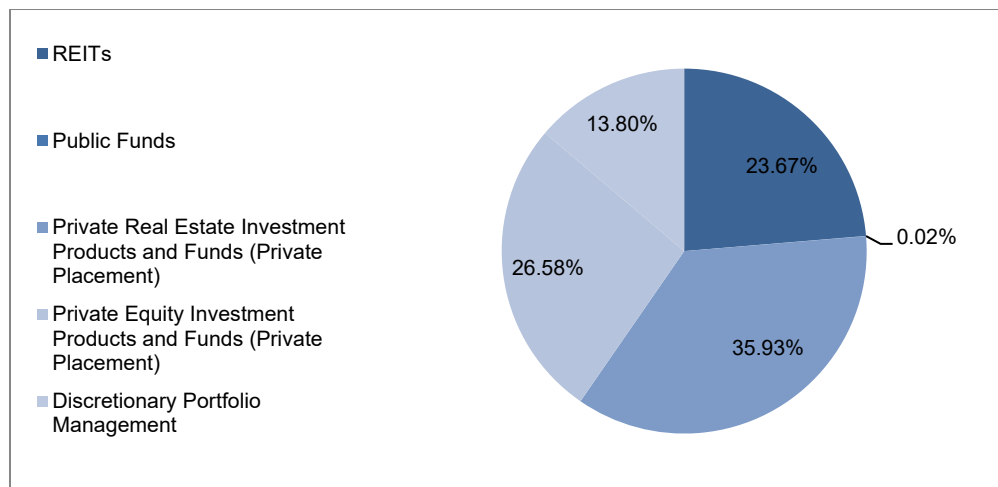


(i) **Overview of the Fund Manager and its Asset Management Structure, the Total Value of Assets Under Management, Number and Sizes of Public Funds, and the Number of Asset Management Employees**

Alkhabeer Capital provides management and advisory services in respect of investments which are compliant with the Shari'a Guidelines of the Shari'a Supervisory Committee, to HNW corporate clients across a variety of asset classes which meet a wide range of investment objectives.

**Assets Under Management**

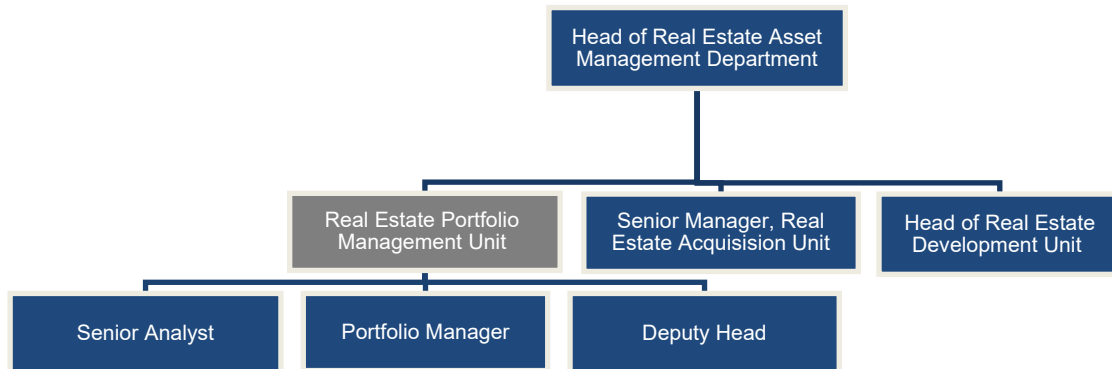
As at 30 June 2020, Alkhabeer Capital's total assets under management stood at approximately SAR 4.20 billion. These Assets are diversified across the following classes:



Assets Under Management	Number	Value As At 30 June 2020 (SAR Million)
REITs	1 (Alkhabeer REIT Fund)	995
Public Funds	1 (Alkhabeer Waqf Fund I)	1
Private Real Estate Investment Products and Funds (Private Placement)	7	1,510
Private Equity Investment Products and Funds (Private Placement)	6	1,117
Discretionary Portfolio Management (DPM)	175 Portfolios	580
<b>Total</b>	<b>15 Funds/Company and 175 Portfolios</b>	<b>4,203</b>



## Organizational Structure of the Real Estate Asset Management Department



### 20. Legal Advisor

The Law Office of Mohammad Al-Ammar  
(In Affiliation with King & Spalding LLP)  
Kingdom Centre, 20<sup>th</sup> Floor – King Fahad Road  
P.O. Box 14702 – Riyadh 11434  
Kingdom of Saudi Arabia  
[www.kslaw.com](http://www.kslaw.com)

### 21. Custodian

#### (a) Name and Address:

Alinma Investment Company  
P.O. Box 66333  
Riyadh 11576  
Kingdom of Saudi Arabia  
Tel.: +966 112 185 999  
Fax: +966 112 185 900  
Website: [www.alinmainvestment.com](http://www.alinmainvestment.com)

The Custodian is licensed by the CMA as a “Capital Market Institution” pursuant to License No. 09134-37. The Custodian will form one or more Saudi Arabian limited liability companies (each an “**SPV**”) to hold title of the assets of the Fund. Such structure will maintain tax efficiency and regulatory compliance and provide maximum legal protection for investors. The Custodian shall not have any interest in, or claims against, the assets of the Fund, except in its capacity as a potential Unitholder. Creditors of the Custodian shall not have any interest in any of the assets of the Fund.

**(b) Functions, Obligations and Responsibilities of the Custodian**

1. The real estate assets of the Fund shall be registered in the name of an SPV (or more) of the Custodian.
2. The Custodian shall take all necessary action to segregate the Fund's assets from any other assets, including the assets of the Custodian.
3. The Custodian shall maintain all the necessary records and other documents supporting the performance of its contractual obligations.

**(c) Roles Delegated by the Custodian to Third Parties in relation to the Real Estate Investment Traded Fund**

The Custodian shall be liable in the event of appointment of any third party (including any of its affiliates) for carrying out any of its foregoing responsibilities.

**(d) Provisions Governing the Removal or Replacement of the Custodian**

1. **The CMA has the power to remove the Custodian appointed by the Fund Manager in any of the following events:**
  - a) If the Custodian ceases to carry out the custody activity without notifying the CMA thereof in accordance with the Capital Market Institutions Regulations.
  - b) If the CMA cancels, withdraws or suspends the Custodian's license to engage in the custody activity.
  - c) If the Custodian files an application to the CMA to cancel its license to engage in the custody activity.
  - d) If the CMA determines that the Custodian is in breach – to an extent that the CMA deems material – of an obligation under the Capital Market Law and its Implementing Regulations.
  - e) In any other event determined by the CMA based on reasonable grounds to be materially significant.

If the CMA exercises any of its authority under this Clause, the Fund Manager shall appoint a replacement Custodian in accordance with the instructions of the CMA, and the Fund Manager, as well as the removed Custodian, shall fully cooperate to help facilitate the seamless transfer of responsibilities to the replacement Custodian within the first sixty (60) Business Days after appointing the replacement Custodian. The removed Custodian shall transfer – where necessary and appropriate and at the absolute discretion of the CMA – to the replacement Custodian all contracts related to the relevant real estate investment fund.

## 2. Removal of the Custodian by the Fund Manager

The Fund Manager may remove the Custodian by written notice, if it reasonably deems that the removal of the Custodian serves the best interest of Unitholders as required by relevant applicable laws. The Fund Manager shall notify the CMA and the Unitholders immediately by announcing this removal on the Fund Manager's website and on Saudi Tadawul's website.

In the event of removal of the Custodian, the Fund Manager shall appoint a replacement Custodian within thirty (30) Business Days after the Custodian's receipt of the written notice issued in accordance with this Clause. The removed Custodian shall fully cooperate with the Fund Manager to help facilitate the seamless transfer of responsibilities to the replacement Custodian. The removed Custodian shall transfer – where necessary and appropriate – to the replacement Custodian all contracts related to the relevant real estate investment fund. The Fund Manager shall announce the appointment of the replacement Custodian for the real estate investment fund, by publication on the websites of the Fund Manager and Saudi Tadawul or on any website available to the public, subject to the guidelines defined by the CMA (where applicable).

## 22. Property Management Company

### (a) Details of Property Managers

Property Name	Property Manager's Name	Property Manager's Address
Almalga Residential Compound	Areeb Contracting Establishment	P.O. Box 46881, Riyadh 11543, Kingdom of Saudi Arabia
Gallery Mall	The Lessee (Suliman Al Qadeebi Sons' Contracting Company) is responsible for managing the property	N/A
Palazzo Plaza	Numu Company Limited	P.O. Box 89609, Riyadh 11692, Kingdom of Saudi Arabia
Home Works Center*	The Lessee (Al-Futtaim International Trading Company) is responsible for managing the property	N/A
Ahlan Court	The Lessee (Nadd Arabia Real Estate Marketing Company) is responsible for managing the property	N/A
BIN II Plaza	The Lessee (Nadd Arabia Real Estate Marketing Company) is responsible for managing the property	N/A



Elite Commercial Center	The Lessee (Nadd Arabia Real Estate Marketing Company) is responsible for managing the property	N/A
Elegance Tower	The Lessee (Al Saedan Real Estate Company) is responsible for managing the property	N/A
Al-Farabi Colleges	The Lessee [Vision Colleges Company for Education (formerly Al-Farabi Colleges Company for Education, where the name of the company was changed)] is responsible for managing the property	N/A
Al-Farabi Colleges Training Building	The Lessee [Vision Colleges Company for Education (formerly Al-Farabi Colleges Company for Education, where the name of the company was changed)] is responsible for managing the property	N/A
Vision Colleges for Education - Jeddah	The Lessee (Vision Colleges Company for Education) is responsible for managing the property	N/A
Akun Warehouses	The Lessee (Akun Logistic Services Company) is responsible for managing the property	N/A

\* The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.

**(b) Functions of Property Managers and the Functions, Duties and Responsibilities of the Property Management Company**

The Fund Manager is entitled to appoint a Property Manager for each property to take responsibility for the administrative affairs of the properties, including setting the rules and policies for the management of the property, continuously following up the property and the affairs of lessees thereat, following up the collection of rents, and following up the periodic maintenance and exploitation of the property in an efficient manner to ensure generating the best returns. The Fund Manager is also entitled to change the Property Manager from time to time based on its performance. For the avoidance of doubt, the Property Manager shall be appointed following obtaining the approval of the Fund Board and notifying Unitholders thereof.



**(c) Disclosure of Whether the Company Managing the Properties Intends to Invest in Fund Units, and the Value of Such Investments**

Property Managers may subscribe to the Fund in cash or in kind, as stated in Clause (11) of the Terms and Conditions titled "Subscription".

**23. Auditor**

**(a) Name and Address of the Fund Auditor**

Crowe Solutions for Professional Consulting (Member of Crowe Global)  
P.O. Box 40097 – Jeddah 21499  
Kingdom of Saudi Arabia  
www.crowe.com

The Fund Manager may from time to time change the Fund's Auditor after obtaining the approval of the Fund Board and the CMA, when needed. Unitholders and the CMA shall be notified upon any change.

**(b) Auditor's Functions. Duties and Responsibilities**

- Reviewing the interim (semi-annual) financial statements of the Fund;
- Auditing the annual financial statements of the Fund.

**24. Financial Statements**

The Fund's Fiscal Year shall start on 01 January and end on 31 December of each year, except for the first Fiscal Year of the Fund which shall commence on the Inception Date and end on 31 December 2018.

The audited financial statements of the Fund shall be prepared by the Fund Manager on both a semi-annual and annual basis in accordance with the accounting and auditing standards issued by the Saudi Organization for Certified Public Accountants (SOCPA), as amended from time to time. The annual financial statements shall be audited by the Fund's Auditor. The Fund's financial statements shall be reviewed by the Fund Board, and made available (free of charge) to Unitholders within 30 Business Days from the end of the reporting period of the pro forma financial statements and within a maximum of 3 months from the end of the reporting period of the audited annual financial statements, by publishing them on the websites of the Fund Manager and Saudi Tadawul.

## 25. Conflict of Interest

Excluding the disclosures made below (potential conflicts of interest), and up to the date of preparation of these Terms and Conditions, there are no transactions involving material conflicts of interest between the interests of the Fund and the interests of the members of the Fund Board or any other parties.

A conflict of interest may exist or arise from time to time between the Fund on the one hand and the Fund Manager or its affiliates, subsidiaries, directors, managers, officers, employees and agents and any related parties on the other hand, as well as the other funds sponsored or managed by them. In the event the interests of the Fund Manager conflicts materially with the interests of the Fund, then it shall fully disclose such conflict of interest to the Fund Board as soon as possible. The Fund Manager and the Fund Board shall endeavor to resolve any conflict of interest with wisdom and in good faith, taking into consideration the best interest of investors and related parties as a whole.

The policies and procedures to be followed to remedy conflicts of interest and any potential and/or actual conflict of interest, shall be provided upon request, free of charge.

The Fund Manager has initially identified the following potential conflicts of interest:

### **Similar Investments Managed by Alkhabeer Capital**

Alkhabeer Capital manages, and is expected to continue to manage, its own proprietary account, and it also manages investments with objectives similar in whole or in part to those of the Fund, including other investment funds which may be managed or sponsored by Alkhabeer Capital or in which Alkhabeer Capital or one of its affiliates may have an equity interest.

In addition, subject to the limitations set forth herein, Alkhabeer Capital and its affiliates may in the future sponsor other funds or investments, or serve as Fund Manager, Investment Manager or General Partner in respect of private investment funds or other collective investments, one or more of which may invest in projects similar to those included in the Fund's investments, provided that such other activity does not impair the success of the Fund.

### **Conflicts of Interest Regarding Transactions with the Fund Manager and its Affiliates**

The Fund may engage in transactions with the Fund Manager, its affiliates or other entities in which Alkhabeer Capital has direct or indirect interests. For example, some affiliates of Alkhabeer Capital may provide certain services to the Fund, such as administrative services. The Fund Manager will disclose to the Fund Board all of the transactions between the Fund and the Fund Manager, its affiliates and the entities in which Alkhabeer Capital has direct or indirect interests.

The Fund Manager may receive brokerage and acquisition fees in return for making inquiries and conducting negotiations and inspection. Such fees shall be payable on properties to be

acquired during the Fund's Offering Period, and on any properties to be acquired by the Fund in the future. They shall be paid immediately following the transfer of title of the property.

However, the Fund Manager and Fund Board will use their good faith commercially reasonable efforts to cause the terms of the agreements between the Fund Manager and its affiliates on the one hand, and the Fund on the other hand, to be prepared on an arm's length basis, and be in line with market common practices.

The First Initial Real Estate Asset of the Fund "Almalga Residential Compound" is one of the real estate assets owned by "Alkhabeer Saudi Real Estate Income Fund I", a private placement fund established and managed by the Fund Manager in accordance with the Investment Funds Regulations issued by the Capital Market Authority, and in which Alkhabeer Capital invests in its capacity as investor.

### **Fund Board**

The Fund Board shall oversee and resolve any conflict of interest. As of the date of these Terms and Conditions, the Fund Board is comprised of members appointed by the Fund Manager. The members of the Fund Board shall exercise due care towards the Fund's investors in accordance with the Real Estate Investment Funds Regulations and Instructions, and shall use their best efforts to resolve the conflict of interest in good faith, as they deem appropriate.

### **Related Party Transactions**

The Fund may from time to time enter into transactions with related parties and affiliates to provide services to the Fund. Such transactions shall be disclosed to the Fund Board, and made based on the market standard terms. In case a related party or an affiliate, including any other fund established by the Fund Manager, wishes to enter into a transaction with the Fund or the Fund Manager, it shall obtain the approval of the Fund Board. If the Fund buys an asset from, or sells it to, a related party or an affiliate, the purchase price paid or received by the Fund in respect thereof shall be consistent with independent valuations. In particular, the First Initial Real Estate Asset "Almalga Residential Compound" was acquired by Alkhabeer Saudi Real Estate Income Fund I, a private real estate investment fund managed by the Fund Manager, in which Alkhabeer Capital invested for its own account.

The Fund Manager's declarations and disclosures in respect of the related parties are explained in Clause (9) titled "Fund's Investment Strategies" (in the table of "declarations and disclosures" of each Initial Real Estate Asset).

*The foregoing does not purport to be a complete or exhaustive explanation and summary of all the potential conflicts of interest involved in an investment in Units in the Fund. It is strongly recommended that all potential investors seek independent advice from their own professional advisors.*



## 26. Reporting to Unitholders

The Fund Manager shall submit reports to the CMA and Unitholders by post or email and through publication on the website of the Fund Manager and on that of Saudi Tadawul, and shall disclose the following information to the CMA and Unitholders immediately and without delay:

- 1) Any material developments which form part of its activity and are not known to the public, and may affect the Fund's assets and liabilities or its financial position or overall activities, as well as any change which affects the status of the Fund or cause the Fund Manager to voluntarily withdraw from its position as Fund Manager, and may reasonably result in a change in the price of the listed Unit or significantly affect the ability of the Fund to fulfill its obligations related to debt instruments;
- 2) Any transaction to buy, sell, lease or pledge an asset of the Fund at a price equivalent to, or exceeding, 10% of the Fund's Total Asset Value as per the last unaudited semiannual financial statements or audited annual financial statements, whichever is most recent;
- 3) Any loss equivalent to, or exceeding, 10% of the Fund's Net Asset Value as per the unaudited semiannual financial statements or audited annual financial statements, whichever is most recent;
- 4) Any changes in the composition of the Fund Board or its committees (if any);
- 5) Any dispute, including any lawsuits, arbitration cases or mediation, if the amount of the dispute or the claim is equivalent to, or exceeds, 5% of the Fund's Net Asset Value as per the last unaudited semiannual financial statements or audited annual financial statements, whichever is most recent;
- 6) Any increase or decrease in the Fund's Net Asset Value equivalent to, or exceeding, 10% as per the last unaudited semiannual financial statements or audited annual financial statements, whichever is most recent;
- 7) Any increase or decrease in the Fund's Total Asset Value equivalent to, or exceeding, 10% as per the last reviewed financial statements;
- 8) Any transaction between the Fund and a related party or any arrangement whereby the Fund and a related party invest in any project or asset or fund it, if this transaction or arrangement is equivalent to, or exceeds, 1% of the Fund's total revenues as per the last audited annual financial statements;
- 9) Any disruption of any of the Fund's main activities which is equivalent to, or exceeds, 5% of the Fund's total revenues as per the last audited annual financial statements;
- 10) The issue of any judgment, decision, order or announcement by any court or judicial entity, whether by the courts of first instance or the courts of appeals, which may adversely affect the exploitation by the Fund of any part of its assets, the value of which exceeds 5% of the Net Asset value as per the last unaudited semiannual financial statements or audited annual financial statements, whichever is most recent;

11) Any proposed change to the Fund's Total Asset Value.

### **Quarterly Reports**

The Fund Manager shall publish the Summary Financial Disclosure on its website and on that of Saudi Tadawul. The Summary Financial Disclosure shall include the following information:

- The Unit price at the end of the quarter in accordance with the last valuation, which is each of the unit's trading price on the Exchange (closing price), and the Net Asset Value of the Unit in the Fund at the end of the reporting quarter, calculated by subtracting the total liabilities of the Fund from its total assets and dividing the result by the number of Fund Units.
- The rental income per Unit, is the Fund's net income from its investment in income-generating real estate assets only during the reporting quarter to the market value of the units.
- A table illustrating the total expenses, fees and charges incurred by the Fund and its percentage of the most recent Fund's total assets value, provided that it illustrates the cap limit of all expenses, by the end of the reporting quarter
- The performance of the Unit price on the Exchange (closing price) during the reporting quarter, in addition to the Net Asset Value per unit in the Fund for the same period.
- A list of names of all real estate properties comprising the Fund's portfolio, and the percentage of the value of each property in the total assets, in addition to the occupancy rate for each property as at the end of the reporting quarter.
- The Fund's total assets value.
- The ratio of loans to the Fund's total assets value, the exposure period and the maturity date.
- The ratio of the Fund's costs to the Fund's total assets value.
- Any fundamental or non-fundamental changes that affect the Fund's operation during reporting quarter.
- A statement on the Fund's dividends distributed to the unitholders, with details as follows:
  - Total dividends distributed in the reporting quarter.
  - The number of outstanding units for which distributions have been made during the reporting quarter.
  - The value of the dividends distributed during the reporting quarter for each unit.
  - The percentage of distribution from the fund's net asset value;
  - Eligibility for cash dividends distributed during the reporting quarter.

In addition to the above, the fund manager shall disclose the previous sale or rent proceeds distributions for the same quarter of the previous year. Such disclosure shall enable the unitholders to view the fund's distributions and their number and size.

### **Annual Reports**

The Fund Manager shall prepare, and submit to Unitholders, annual reports in accordance with Annex (4) of the Real Estate Investment Funds Regulations, containing the following information:

- (a) The Fund's underlying assets;
- (b) The assets targeted by the Fund;
- (c) An explanation of the ratio of the value of leased properties and ratio of unleased properties to the total number of properties owned by the Fund;
- (d) The ratio of the rent of each of the Fund's assets to total rents of the Fund's assets;
- (e) The ratio of uncollected revenues to total revenues, and the ratio of non-cash expenses to the Fund's net income;
- (f) Description of the Fund's Benchmark, where applicable, and the service provider's website;
- (g) A comparison table covering the performance of the Fund during the last three Fiscal Years (or since the inception of the Fund), showing:
  - The Fund's Net Asset Value as at the end of each Fiscal Year;
  - The Net Asset Value per Unit as at the end of each Fiscal Year;
  - The Highest and Lowest Net Asset Value per Unit for each Fiscal Year;
  - The number of issued Units as at the end of each Fiscal Year;
  - Income distribution per Unit;
  - The ratio of costs incurred by the Fund to the total asset value of the Fund;
  - Results of comparison of the performance of the Fund's Benchmark to the performance of the Fund;
  - Ratio of borrowed assets to the total asset value, their exposure period and maturity date.
- (h) A performance record showing the following:
  - The total return for one year, three years and five years (or since inception);
  - The total annual return for each of the past ten Fiscal Years (or since inception);
  - A table showing the consideration for services, commissions and fees incurred by the Fund in respect of third parties throughout the year. The ratio of total expenses shall also be clearly disclosed, in addition to whether there were any circumstances under which the Fund Manager decided to exempt from, or reduce, any fees.
- (i) In the event of occurrence of any fundamental or non-fundamental changes during the period affecting the performance of the Fund, they shall be disclosed;
- (j) The annual report of the Board of Directors of the Fund, provided it includes, without limitation, the matters discussed and the resolutions issued thereon, including the performance of the Fund and the achievement of its objectives;
- (k) A statement of the special commissions received by the Fund Manager during the relevant period, clearly stating the purpose of the commissions and how they were used;
- (l) Any amendments to the Terms and Conditions;
- (m) The risk assessment report.

## 27. Unitholders' Meetings

### (a) Circumstances under which a Unitholders' Meeting is Called

- (a) The Fund Manager may, on its own initiative, call a meeting of Unitholders, provided the subject of the invitation does not conflict with the Fund Manager's responsibilities and obligations in accordance with the provisions of the Real Estate Investment Funds Regulations.
- (b) The Fund Manager shall call for a meeting of Unitholders within (10) days of receiving a written request from the Custodian.
- (c) The Fund Manager shall call for a meeting of Unitholders within (10) days of receiving a written request from a Unitholder or more, holding individually or collectively at least (25%) in value of the Units in the Fund.

### (b) Procedures of Calling for a Unitholders' Meeting and the Minimum Quorum

- (1) The Fund Manager may, on its own initiative, call a meeting of Unitholders, provided the subject of the invitation does not conflict with the Fund Manager's responsibilities and obligations in accordance with the provisions of the Real Estate Investment Funds Regulations.
- (2) The Fund Manager shall call for a meeting of Unitholders within (10) days of receiving a written request from the Custodian.
- (3) The Fund Manager shall call for a meeting of Unitholders within (10) days of receiving a written request from a Unitholder or more, holding individually or collectively at least (25%) in value of the Units in the Fund. The Fund Manager shall stipulate this requirements in the Fund's Terms and Conditions.
- (4) The Fund Manager shall call for a meeting of Unitholders by announcing it on its website and any other website available to the public according to the guidelines set out by the CMA, and by sending a notice in writing to all the Unitholders and the Custodian giving not less than (10) days' notice before the meeting and no more than (21) days' notice before the meeting. The announcement and notice must specify the date, place and time of the meeting and its agenda and the proposed resolutions. The Fund Manager shall provide a copy of such notice to the CMA.
- (5) When preparing the agenda for the Unitholders' meeting, the Fund Manager must take into consideration the topics that the Unitholders want to include, Unitholders who own at least (10%) of the Fund Units' value are entitled to add one or more topics to the agenda of the Unitholders' meeting. Provided that the proposed topic does not overlap with the responsibilities and duties of the Fund Manager in accordance with the provisions of the Real Estate Investment Funds Regulations.
- (6) The Fund Manager may amend the agenda of the Unitholders meeting within the notice period referred to above, provided that it announces that on its website and any other website available to the public according to the guidelines set out by the CMA, and by submitting a written notice to all unitholders and the Custodian at least 10 days prior to the meeting, and within a maximum of 21 days prior to the meeting.
- (7) In case that the Unitholders approve any of the decisions proposed at the Unitholders' meeting, and this necessitates amending the Fund's Terms and Conditions, the Fund





Manager must amend the Fund's Terms and Conditions according to the approved decision.

- (8) The quorum required to conduct a meeting of the Unitholders shall be such number of Unitholders owning together at least (25%) in value of the units in the fund or greater percentage as specified in the Fund's Terms and Conditions.
- (9) If the quorum requirements set out above are not met, the Fund manager shall call for a second meeting by announcing it on its website and any other website available to the public according to the guidelines set out by the CMA and shall send a notice in writing to all the Unitholders and the Custodian giving not less than (5) days' notice prior to the second meeting. At the second meeting, any number of Unitholders holding any number of units present in person or represented by a proxy shall be considered a valid quorum.
- (10) Every Unitholder may entitle to appoint a proxy to represent such Unitholder at the meeting of Unitholders.

**(c) Method of Voting of the Unitholders, and the Voting Rights at the Meetings of the Unitholders**

The unitholders meetings and its deliberations and voting on decisions may be conducted through modern telecommunication technology in accordance with guidelines set by the CMA.

Every unitholder shall be entitled to exercise one vote at the meeting of the Unitholders for each Unit the Unitholder holds as at the time of the meeting.

Substantial Unitholders may not vote at the meeting of the Unitholders on the decisions relating to the acquisition of real estate assets owned or lease-held by them.

The Unitholders meetings and its deliberations and voting on decisions may be conducted through modern technology in accordance with guidelines set by the CMA.

The decision shall be effective upon the approval of unitholders holding more than (50%), or more than (75%) (where applicable), of the total units present in the meeting either by unitholders attending in person, appointed proxy or through state of the art technology.

**28. List of Rights of the Unitholders**

Unitholders shall be entitled to exercise all of their rights described in these Terms and Conditions, including the following:

- (a) Attending the Unitholders' meetings, and voting on resolutions taken at those meetings;
- (b) Voting in relation to any fundamental change to the Fund, including:
  - Any material change in the Fund's nature or objectives;
  - Any change which may have a material adverse effect on Unitholders or their rights in respect of the Fund;
  - Any change which may impact the Fund's risk profile;





- Any increase in the Fund's Total Asset Value by accepting in-cash or in-kind contributions or both in accordance with the provisions of Paragraph (l) of Part 3 of the Real Estate Investment Regulations;
- The voluntary withdrawal of the Fund Manager from its role as Fund Manager;
- Any change usually resulting in the Unitholders' reconsidering their participation in the closed-ended Fund;
- Any change resulting in increased payments out of the assets of the closed-ended Fund to the Fund Manager, to any Fund Board Member or to any of their affiliates.
- Any change introducing a new type of payment payable out of the assets of the closed-ended Fund;
- Any change which materially increases the types of other payments out of the assets of the closed-ended Fund;
- Any change in the maturity date or the termination of the closed-ended Fund;
- Any increase in the Total Asset Value of the Fund by accepting cash subscriptions, in-kind subscriptions or both in accordance with the provisions of paragraph (k) of Article (30) of the Real Estate Investment Funds Regulations;
- Any other events as may be determined by the CMA from time to time and notified to the Fund Manager.

(c) Accepting in-kind contributions for the purposes of increasing the Fund's Capital;

(d) Accepting distributions in accordance with these Terms and Conditions;

(e) Accepting periodic reports and updates in line with these Terms and Conditions.

Except as expressly set forth in this Paragraph, Unitholders do not have any administrative rights in relation to the Fund.

## 29. Other Information

### Know Your Customer (KYC) Requirements

As a Capital Market Institution licensed by the CMA, the Fund Manager is obliged to comply with the "Know Your Customer (KYC)" requirements in the event of accepting the subscriptions of Unitholders in the Fund. In compliance with CMA Regulations, each investor in the Fund shall provide the Fund Manager or the Receiving Entity/Entities with certain documents, as requested by the Fund Manager, in order to satisfy the "Know Your Customer (KYC)" requirements. The Receiving Entity/Entities shall be responsible for satisfying all the "Know Your Customer (KYC)" requirements in respect of investors subscribing through it/them in accordance with applicable procedures adopted thereby, during the Second Subsequent Offering Period and until the Closing Date of the Second Subsequent Offering only, while Saudi Tadawul shall handle all the relevant requirements starting as of the Listing Date.

## Fund Operator

Name and Address:  
Alkhabeer Capital  
P.O. Box 128289  
Jeddah, 21362  
Kingdom of Saudi Arabia  
Tel.: +966- 920010707  
Fax: +966- 12 658 6663  
CR No.: 4030177445  
CMA License: 07074-37  
Website: [www.alkhabeer.com](http://www.alkhabeer.com)

The Fund Operator shall be responsible for processing the subscription applications and the documents related to verifying the “Know Your Customer (KYC)” principle, updating the Unitholders’ Register and preparing Unitholder notifications. The Fund Operator shall also be responsible for calculating the Net Asset Value per Unit.

## Other Service Providers

The Fund Manager may from time to time engage additional third party advisors and other third party service providers in respect of one or more assets, including, without limitation, developers, managers of establishments, project managers, contractors, architects, designers, legal advisors, etc. Any third party will be engaged in accordance with an agreement to be negotiated on an arm’s length basis.

## Material Contracts

### - Contracts Related to the Initial Real Estate Assets and the First and Second Additional Real Estate Assets, as follows:

<b>Almalga Residential Compound</b>	<ul style="list-style-type: none"> <li>- Agreement of Purchase of the First Initial Property “Almalga Residential Compound”: It is an agreement for the purchase of the first initial real estate asset for a total purchase price of SAR 314,000,000. As per the Agreement, the Seller undertakes to use the cash proceeds of the Offering to repay the outstanding financing related to the initial real estate asset obtained from Riyadh bank for a value of SAR 119,800,000. Following settlement of the financing, the title of the asset shall be transferred from Ithraa Al-Riyad Real Estate Company (a subsidiary of Riyadh Bank in the name of which the property was registered as a pledge) to the Fund.</li> <li>- Agreement of Lease of the First Initial Property “Almalga Residential Compound”: The benefit of the Lease Contract with the Lessee of the first initial property belongs to Tawasu’ Company III (the Custodian of Alkhabeer Saudi Real Estate</li> </ul>
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	<p>Income Fund I) on behalf of the Seller (Alkhabeer Saudi Real Estate Income Fund I). An arrangement was made with the Seller by virtue of a binding agreement to transfer the Lease Contract from Tawasu' Company III (the Custodian of Alkhabeer Saudi Real Estate Income Fund I) to the Special Purpose Vehicle (SPV) of the Custodian of the traded fund (Alkhabeer REIT Fund) or any other entity (subject to compliance with the Terms and Conditions of the Fund), upon completion of the transfer of title of the property to the traded fund. The Lease Contract provides for an annual rent of SAR 27,950,000, payable on the 10<sup>th</sup> of January of each Gregorian year. The Lease Contract may be terminated following the 10 January 2019 at the end of the third lease year, by notice by the Lessee in relation to the termination of the Contract to be sent within 180 Business Days prior to the end of the lease period, otherwise the Contract will be renewed for a similar 3-year lease period.</p> <ul style="list-style-type: none"> <li>– Contract of Management and Operation of the First Initial Property "Almalga Residential Compound": The Contract of Maintenance and Property Management of the First Initial Property was signed between Tawasu' Company III (the Custodian of Alkhabeer Saudi Real Estate Income Fund I) and Areeb Contracting Establishment to provide all the maintenance, cleaning, guarding services related to the first initial property. The annual value of the Property Management Contract is SAR 2,500,000.</li> <li>– An arrangement was made with the Seller (Alkhabeer Saudi Real Estate Income Fund I) by virtue of the binding agreement signed with it in order to transfer the Maintenance and Operation Contract from Tawasu' Company III to the Special Purpose Vehicle (SPV) of the Custodian of the traded fund (Alkhabeer REIT Fund) or any other entity, upon completion of the transfer of title of the property to the traded fund, subject to compliance with the Terms and Conditions of the Fund.</li> </ul>
<b>Gallery Mall</b>	<ul style="list-style-type: none"> <li>– Agreement of Purchase of the Second Initial Property "Gallery Mall": It is an agreement for the purchase of a leasehold related to the second initial property for a total purchase price of SAR 155,000,000. As per the Agreement, the Fund shall pay a sum of SAR 92,500,000 in cash to the Seller, in addition to an in-kind share amounting to SAR 62,500,000 through the registration of investment Units in "Alkhabeer REIT Fund" in favor of the Seller after satisfying the terms and conditions of the Agreement and completing the acquisition of the property's leasehold.</li> </ul>



	<ul style="list-style-type: none"> <li>– Agreement of Lease of the Second Initial Property “Gallery Mall”: The contract of lease of the land on which the property is located will be transferred from the current Lessee “Suliman Al Qadeebi Sons’ Contracting Company” to the company holding the assets of the fund. Subsequently the lease contract of the said property will be signed with Suliman Al Qadeebi Sons’ Contracting Company for a lease period of 10 Hegira years (5 of which are mandatory) and for a net annual rent of SAR 22,959,000, to be paid in advance semi-annually, plus any taxes. The Lessee provided promissory notes in favor of the company holding the assets of the fund in an amount equivalent to the rental value of the signed lease contract. The Fund shall be responsible for the payment of the land annual rent of SAR 1,579,000 to the Municipality of Tabuk, as per the aforementioned land lease contract. As such, the property’s net annual rent (after deduction of the land annual rent) is SAR 21,240,000.</li> <li>– Contract of Management and Operation of the Second Initial Property “Gallery Mall”: The Lessee shall be responsible for the payment of any costs related to the operation, marketing, management, operational maintenance and operational insurance of the property subject of the Agreement.</li> </ul>
<p><b>Palazzo Plaza</b></p>	<ul style="list-style-type: none"> <li>– Agreement of Purchase of the Third Initial Property “Palazzo Plaza”: It is an agreement for the purchase of the third initial real estate asset for a total purchase price of SAR 93,300,000. Upon satisfaction of all the terms and conditions of the Agreement, this amount shall be paid to Shumou Investment Company and Numu Company Ltd. by two certified cheques, where the first cheque shall be paid to Shumou Investment Company in a sum of SAR 50,388,800, and the second cheque to Numu Company Ltd. in the sum of SAR 42,911,200, upon transfer of title of the property before the competent notary public to the company holding the assets of the Fund.</li> <li>– Agreement of Lease of the Third Initial Property “Palazzo Plaza”: An arrangement will be made to transfer the existing lease contracts, where the new owner of the property (the Lessor) will be any entity to be determined by Alkhabeer Capital and where the lease contract will be transferred immediately after the transfer of title of the property. In the event Outlet No. (7) is not leased before the transfer of title</li> </ul>



	<p>and assignment to the company holding the assets of the Fund, Numu Company Ltd. will sign a lease contract in respect of the said location which has an area of 415.25 meter squares, for a specified term of two Hegira years and for an annual rent of SAR 548,130, including 10% in return for services, to be paid in advance semi-annually, plus the Value Added Tax, provided the lease contract provides for the right of Numu Company Ltd. to sub-lease the outlet to any third party (for an annual rent of not less than SAR 548,130). In the event the outlet is leased to a third party other than Numu Company after the transfer of title and assignment to Alkhabeer Capital or any other company appointed for this purpose (for an annual rent of not less than SAR 548,130), the lease contract will be assigned with all the liabilities and rights thereof to Alkhabeer Capital or any other company appointed for this purpose to replace Numu Company Ltd. in the contract.</p> <ul style="list-style-type: none"> <li>– Contract of Management and Operation of the Third Initial Property “Palazzo Plaza”: A contract will be entered into with Numu Company Ltd. for a period of three years and for an annual total value of SAR 400,000 in return for the provision of all the services related to the operation, marketing, maintenance, insurance and security guarding of the property. This value includes any costs related to electricity, water and other public utility service charges or costs.</li> </ul>
<p><b>Home Works Center</b></p> <p>The property was sold on 28/03/2024 for 87.6 million Saudi Riyals.</p>	<ul style="list-style-type: none"> <li>– Agreement of Purchase of the Fourth Initial Property “Home Works Center”: It is an agreement for the purchase of the fourth initial real estate asset for a total purchase price of SAR 78,000,000. Upon satisfaction of all the terms and conditions of the Agreement, this amount shall be paid by a certified cheque to the current property owner, upon transfer of title of the property before the competent notary public to the company holding the assets of the Fund.</li> <li>– Agreement of Lease of the Fourth Initial Property “Home Works Center”: The Seller undertakes to arrange for the signing of a supplemental addendum to transfer the existing lease contract with the current lessee (Al-Futtaim Global Trading Company) to complete the lease relationship, where the Lessor will be any other entity to be determined by Alkhabeer Capital and where the lease contract will be transferred immediately after transfer of title of the said property.</li> </ul>



	<ul style="list-style-type: none"> <li>– Agreement of Management and Operation of the Fourth Initial Property “Home Works Center”: The Lessee shall be responsible for the payment of any costs related to the operation, marketing, management, operational maintenance and operational insurance of the property subject of the Agreement.</li> </ul>
<b>Ahlan Court</b>	<ul style="list-style-type: none"> <li>– Agreement of Purchase of the Fifth Initial Property “Ahlan Court”: It is an agreement for the purchase of the fifth initial real estate asset for a total purchase price of SAR 70,000,000. Upon satisfaction of all the terms and conditions of the Agreement, a sum of SAR 32,000,000 shall be paid by a certified cheque to the current property owner, in addition to an in-kind share amounting to SAR 38,000,000 through the registration of investment Units in “Alkhabeer REIT Fund” in favor of the Seller after satisfying the terms and conditions of the Agreement and completing the acquisition of the property.</li> <li>– Agreement of Lease of the Fifth Initial Property* “Ahlan Court”: The contract of lease of the property to Nadd Arabia Real Estate Marketing Company will be signed for a term of 15 mandatory years and for a value of SAR 7 million for every Hegira year for the first five years, with a rent escalation of 5% to be applied every 5 years during the lease period. The rental value shall be paid in advance semi-annually. The Lessee provided promissory notes in favor of the company holding the assets of the fund in an amount equivalent to the rental value of the signed lease contract.</li> <li>– Agreement of Management and Operation of the Fifth Initial Property “Ahlan Court”: The Lessee “Nadd Arabia Real Estate Marketing Company” shall be responsible for the payment of all the costs and charges related to the management, operation, and marketing of the aforementioned property, including the costs of the governmental and service entities (such as water, electricity, sewerage and other services), as well as the operational insurance costs, taxes, operational maintenance costs and the Value Added Tax.</li> </ul>
<b>BIN II Plaza</b>	<ul style="list-style-type: none"> <li>– Agreement of Purchase of the Sixth Initial Property “BIN II Plaza”: It is an agreement for the purchase of the fifth initial real estate asset for a total purchase price of SAR 90,000,000. Upon satisfaction of all the terms and conditions of the Agreement, a sum of SAR 50,000,000 shall be paid by a certified cheque to the current property owner, in addition to an in-kind share amounting to SAR 40,000,000</li> </ul>



	<p>through the registration of investment Units in “Alkhabeer REIT Fund” in favor of the Seller after satisfying the terms and conditions of the Agreement and completing the acquisition of the property.</p> <ul style="list-style-type: none"> <li>– Agreement of Lease of the Sixth Initial Property “BIN II Plaza”: The contract of lease of the property to Nadd Arabia Real Estate Marketing Company will be signed for a term of 15 mandatory years and for a value of SAR 9 million for every Hegira year for the first five years, with a rent escalation of 5% to be applied every 5 years during the lease period. The rental value shall be paid in advance semi-annually. The Lessee provided promissory notes in favor of the company holding the assets of the fund in an amount equivalent to the rental value of the signed lease contract.</li> <li>– Agreement of Management and Operation of the Sixth Initial Property “BIN II Plaza”: The Lessee “Nadd Arabia Real Estate Marketing Company” shall be responsible for the payment of all the costs and charges related to the management, operation, and marketing of the aforementioned property, including the costs of the governmental and service entities (such as water, electricity, sewerage and other services), as well as the operational insurance costs, taxes, operational maintenance costs and the Value Added Tax.</li> </ul>
<b>Elite Commercial Center</b>	<ul style="list-style-type: none"> <li>– Agreement of Purchase of the Seventh Initial Property “Elite Commercial Center”: It is an agreement for the purchase of the fifth initial real estate asset for a total purchase price of SAR 160,000,000. Upon satisfaction of all the terms and conditions of the Agreement, a sum of SAR 60,500,000 shall be paid by a certified cheque to the current property owner, in addition to an in-kind share amounting to SAR 99,500,000 through the registration of investment Units in “Alkhabeer REIT Fund” in favor of the Seller after satisfying the terms and conditions of the Agreement and completing the acquisition of the property.</li> <li>– Agreement of Lease of the Seventh Initial Property “Elite Commercial Center”: The contract of lease of the property to Nadd Arabia Real Estate Marketing Company will be signed for a term of 15 mandatory years and for a value of SAR 16 million for every Hegira year for the first five years, with a rent escalation of 5% to be applied every 5 years during the lease period. The rental value shall be paid in advance semi-annually. The Lessee provided promissory notes in favor of</li> </ul>





	<p>the company holding the assets of the fund in an amount equivalent to the rental value of the signed lease contract.</p> <p>Agreement of Management and Operation of the Seventh Initial Property “Elite Commercial Center”: The Lessee “Nadd Arabia Real Estate Marketing Company” shall be responsible for the payment of all the costs and charges related to the management, operation, and marketing of the aforementioned property, including the costs of the governmental and service entities (such as water, electricity, sewerage and other services), as well as the operational insurance costs, taxes, operational maintenance costs and the Value Added Tax.</p>
<b>Elegance Tower</b>	<ul style="list-style-type: none"> <li>– Agreement of Purchase of the Eighth New Property “Elegance Tower”: It is an agreement for the purchase of the real estate asset for a total purchase price of SAR 414,000,000. Upon satisfaction of all the terms and conditions of the Agreement, a sum of SAR 260,000,000 shall be paid by a certified cheque to the current property owner, in addition to an in-kind share amounting to SAR 154,000,000 through the registration of investment Units in “Alkhabeer REIT Fund” in favor of the Seller after satisfying the terms and conditions of the Agreement and completing the acquisition of the property.</li> <li>– Agreement of Lease of the Eighth New Property “Elegance Tower”: A lease contract will be signed with the current owner (Al Saedan Real Estate Company) for a term of 5 Gregorian years and for a value of SAR 30 million, and Al Saedan Real Estate Company will in return sub-lease the property. The Lessee provided promissory notes in favor of the company holding the assets of the fund in an amount equivalent to the rental value of the signed lease contract. In the event the property is leased to a third party, arrangement will be made to transfer all the rental payments to an escrow account, provided a settlement of the rental value is made between the payments received from the sub-lessees and the payments due and payable from Al Saedan Real Estate Company. Upon expiration of the contract, all the existing lease contracts will be transferred to the Fund or the company holding the assets of the Fund.</li> <li>– The Lessee shall be responsible for the payment of any costs related to the operation, marketing, management, operational maintenance and operational insurance of the property subject of the Agreement.</li> </ul>





<p><b>Al-Farabi Colleges</b></p>	<ul style="list-style-type: none"> <li>– Agreement of Purchase of the Ninth New Property “Al-Farabi Colleges”: It is an agreement for the purchase of the real estate asset for a total purchase price of SAR 210,000,000. Upon satisfaction of all the terms and conditions of the Agreement, a sum of SAR 97,000,000 shall be paid by a certified cheque to the current property owner, after deduction of the rental value for the first six months in advance, in addition to an in-kind share amounting to SAR 105,000,000 through the registration of investment Units in “Alkhabeer REIT Fund” in favor of the Seller after satisfying the terms and conditions of the Agreement and completing the acquisition of the property.</li> <li>– Agreement of Lease of the Ninth New Property “Al-Farabi Colleges”: A lease contract will be signed with the current operator [Vision Colleges Company for Education (formerly Al-Farabi Colleges Company for Education, where the name of the company was changed)] for a term of 25 Gregorian years and for a value of SAR 16 million, with a rent escalation of 5% of the rental value to be applied every 5 years. The Lessee provided promissory notes in favor of the company holding the assets of the fund in an amount equivalent to the rental value of the signed lease contract, which includes the issue by the Lessee of promissory notes covering the mandatory lease period, with the exception of the rental value for the first six months which will be deducted out of the acquisition value, where the Lessor will be the Fund or the company holding the assets of the Fund.</li> <li>– The Lessee shall be responsible for the payment of any costs related to the operation, marketing, management, operational maintenance and operational insurance of the property subject of the Agreement.</li> </ul>
<p><b>Al-Farabi Colleges Training Building</b></p>	<ul style="list-style-type: none"> <li>– Agreement of Purchase of the Tenth New Property “Al-Farabi Colleges Training Building”: It is an agreement for the purchase of the real estate asset for a total purchase price of SAR 65,000,000, with a rent escalation of 5% of the rental value to be applied every 5 years. Upon satisfaction of all the terms and conditions of the Agreement, a sum of SAR 26,000,000 shall be paid by a certified cheque to the current property owner, after deduction of the rental value for the first year in advance, in addition to an in-kind share amounting to SAR 32,500,000 through the registration of investment Units in “Alkhabeer REIT Fund” in favor of the Seller after satisfying the terms and conditions of the Agreement and completing the acquisition of the property.</li> </ul>



	<ul style="list-style-type: none"> <li>– Agreement of Lease of the Tenth New Property “Al-Farabi Colleges Training Building”: A lease contract will be signed with the current operator [Vision Colleges Company for Education (formerly Al-Farabi Colleges Company for Education, where the name of the company was changed)] for a term of 25 Gregorian years and for a value of SAR 6.5 million. The Lessee provided promissory notes in favor of the company holding the assets of the fund in an amount equivalent to the rental value of the signed lease contract. The lease contract includes the issue by the Lessee of promissory notes covering the mandatory lease period, with the exception of the rental value for the first year which will be deducted out of the acquisition value, where the Lessor will be the Fund or the company holding the assets of the Fund.</li> <li>– The Lessee shall be responsible for the payment of any costs related to the operation, marketing, management, operational maintenance and operational insurance of the property subject of the Agreement.</li> </ul>
<b>Vision Colleges for Education - Jeddah</b>	<ul style="list-style-type: none"> <li>– Agreement of Purchase of the Eleventh New Property “Vision Colleges for Education at the City of Jeddah”: It is an agreement for the purchase of the real estate asset for a total purchase price of SAR 100,000,000. Acquisition will be made upon satisfaction of all the terms and conditions of the Agreement, by paying a sum of SAR 10,000,000 by a certified cheque to the current property owner, after deduction of the rental value for the first six months of the first lease year in advance, in addition to the allocation of an in-kind share amounting to SAR 90,000,000 through the registration of investment Units in “Alkhabeer REIT Fund” in favor of the Seller following completion of the acquisition of the property.</li> <li>– Agreement of Lease of the Eleventh New Property “Vision Colleges for Education at the City of Jeddah”: A lease contract will be signed with the current operator (Vision Colleges Company for Education) for a binding term of 25 Gregorian years and for a value of SAR 7.5 million. The Lessee provided promissory notes in favor of the company holding the assets of the fund in an amount equivalent to the rental value of the signed lease contract. The lease contract includes the issue by the Lessee of promissory notes covering the mandatory lease period, where the Lessor will be the Fund or the company holding the assets of the Fund.</li> </ul>



	<ul style="list-style-type: none"> <li>– The Lessee shall be responsible for the payment of any costs related to the operation, marketing, management, operational maintenance and operational insurance of the property subject of the Agreement.</li> </ul>
<b>Akun Warehouses</b>	<ul style="list-style-type: none"> <li>– Agreement of Purchase of the Twelfth New Property “Akun warehouses”: It is an agreement for the purchase of the real estate asset for a total purchase price of SAR 213,400,000, by paying a sum of SAR 106,700,000 by a certified cheque to the current property owner, after deduction of the rental value for the first year in advance, in addition to the allocation of an in-kind share amounting to SAR 106,700,000 through the registration of investment Units in “Alkhabeer REIT Fund” in favor of the Seller following completion of the acquisition of the property.</li> <li>– Agreement of Lease of the Twelfth New Property “Akun warehouses”: A lease contract will be signed with the current operator (Akun Logistic Services Company) for a term of 5 Gregorian years and for a value of SAR 16 million. The Lessee provided promissory notes in favor of the company holding the assets of the fund in an amount equivalent to the rental value of the signed lease contract. The lease contract includes the issue by the Lessee of promissory notes covering the mandatory lease period, where the Lessor will be the Fund or the company holding the assets of the Fund.</li> <li>– The Lessee shall be responsible for the payment of any costs related to the operation, marketing, management, operational maintenance and operational insurance of the property subject of the Agreement.</li> </ul>

**Other Material Contracts are as follows:**

- **Custodian Agreement:** The Fund appointed Alinma Investment Company by virtue of an agreement to hold the assets of the Fund through Special Purpose Vehicles (SPVs).
- **Auditor Agreement:** The Fund appointed Crowe Solutions for Professional Consulting (Member of Crowe Global) to review the financial statements of the Fund on a semi-annual basis (unaudited statements) and on an annual basis (audited statements) in accordance with the standards set forth by the Saudi Organization of Certified Public Accountants (SOCPA).
- **Legal Advisory Agreement:** The Fund appointed the Law Office of Mohammad Al-Ammar (in affiliation with King & Spalding LLP) to provide legal advisory services to the Fund in a non-exclusive manner, if the Fund Manager believes that there is a need for a legal advice in relation to increasing the Fund's Capital, the Regulations



and Instructions issued by the CMA, obtaining bank financing and conducting due diligence when purchasing new real estate assets. The Fund Manager will negotiate with the Legal Advisor in relation to each legal advice on time.

- **Shari'a Review Agreement:** The Fund appointed the Shariyah Review Bureau W.L.L as Shari'a Advisor to the Fund (see Clause (31) of the Terms and Conditions.
- **Bank Facilities Agreement:** The Fund obtained credit facilities compliant with the Shari'a Guidelines of the Shari'a Supervisory Committee.
- **Tax Advisor Agreement:** The Fund appointed Talal Abu-Ghazaleh & Co. as Tax Advisor to the Fund.

### Complaint Proceedings

If, during the Fund Term, a Unitholder has any questions or complaints in relation to the operations of the Fund, such Unitholder should contact the Compliance & AML Department of Alkhabeer Capital at:

Head of Compliance  
Compliance Department  
Alkhabeer Capital  
Al Madinah Road  
P.O. Box 128289  
Jeddah 21362  
Kingdom of Saudi Arabia  
Tel.: +966 920010707  
Email: [compliance@alkhabeer.com](mailto:compliance@alkhabeer.com)

Alkhabeer Capital adopts a complaints management policy, which it currently uses with its existing clients. The Fund Manager intends to use and apply this policy to the Unitholders of this Fund. Prospective investors and Unitholders who would like to have a copy of this policy, should contact the Compliance & AML Department of Alkhabeer Capital at the Company's website on the following URL: [www.alkhabeer.com](http://www.alkhabeer.com).

### Zakat

Investment Funds, including real estate investment traded funds, fall within the definition of capital companies in accordance with zakat and income tax regulations of the Kingdom of Saudi Arabia. Therefore, it is possible to interpret this as requiring the Fund to register with the ZATCA and to fulfill income tax or zakat obligations. Nevertheless, ZATCA to date did not impose tax or zakat on investment funds or unitholders regulated by the Capital Market Authority, in spite of the fact that there is no official regulation exempting the Fund from zakat or tax. While ZATCA did not follow up the collection of tax and zakat obligations from Saudi funds, this does not mean that ZATCA will not change its approach and decide to impose tax on investment funds in the future with retroactive effect, which may result in delay penalties being imposed for late payment of income tax/zakat. Payment of such taxes (and related late payment penalties) may reduce the cash amounts available for the Fund's operations and the potential distributions to Unitholders. The Fund Manager shall comply with the "Rules of Zakat

Collection from Investors in Investment Funds”, as amended from time to time. The Fund Manager also undertakes to register the Fund with the Zakat, Tax and Customs Authority (ZATCA) for the purposes of zakat and filing requisite returns in accordance with CMA Rules and Regulations, as amended. The responsibility for the calculation and payment of zakat falls upon the Fund Unitholders. The Fund may not in any way be held liable in this respect. In addition, the Fund Manager undertakes to provide ZATCA with all requisite information declarations within a period not exceeding 120 days as of the end of the Fund's zakat year. The Fund Manager will also provide Unitholders upon request with requisite information to calculate their respective tax bases in accordance with the Rules. Zakat paying investors subject to these Rules holding Fund Units are required to calculate and pay zakat on those investments. The Fund Manager shall also notify ZATCA of the termination of the Fund within 60 days after the date of termination. ZATCA rules are available at the following URL:  
<https://zatca.gov.sa/en/Pages/default.aspx>

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

In the case of the Real Estate Investment Traded Fund (REIT) taking the form of a special purpose vehicle (SPV), the SPV's articles of association form shall be attached.

Not applicable.

### **31. Shari'a Supervisory Committee**

The Shariyah Review Bureau W.L.L. was appointed as Shari'a Advisor (“Shari'a Supervisory Committee”) to the Fund. The Shariyah Review Bureau is a leading company specialized in Shari'a advisory and auditing. It is licensed by the Central Bank of Bahrain and it provides its services to various business sectors, where it works as Auditor and Shari'a Advisor for many companies across 12 different countries in the United States, Europe, Africa, Asia and the GCC.

The Shariyah Review Bureau is affiliated with an elite group of Shari'a Advisors in a number of countries around the world, making it one of the very few Shari'a advisory entities who are capable of meeting client and business needs on a global scale.

Address of the Shari'a Supervisory Committee:  
Shariyah Review Bureau W.L.L.  
P.O. Box 21051  
Manama  
Kingdom of Bahrain  
[www.shariyah.com](http://www.shariyah.com)

**(a) Names and Qualifications of the Members of the Shari'a Supervisory Committee**

The Shari'a Supervisory Committee appointed for the purposes of review and certification of the Fund's documents and activities, is comprised of:

**Sheikh Muhammad Ahmad Al Sultan:**

Sheikh Muhammad Ahmad Al Sultan has over 10 years of experience as a Shari'a consultant. He has advised clients around the world in a variety of industries, ranging from banks, financial services companies and private equity investment companies. He is fluent in English, Arabic, German and Urdu. He is a member of the team of Shariyah Review Bureau, the knowledge leaders of in Islamic Shari'a and Jurisprudence. He is accredited by the Central Bank of Bahrain as a qualified Shari'a advisor at the local and international levels.

**(b) Roles and Responsibilities of the Shari'a Supervisory Committee**

The Shari'a Supervisory Committee conducts annual reviews of the Fund so as to confirm to the Fund Board that the Fund's operations and investments are in line with the Shari'a Guidelines of the Shari'a Supervisory Committee, as shown in Appendix (5) of the Terms and Conditions.

**(c) Shari'a Supervisory Committee Remuneration**

SAR 15,000.

The Shari'a Advisor shall be remunerated for its services out of the Fund's assets. For details, please see the schedule titled "Summary Financial Disclosure".

**32. Characteristics of the Units**

All the Units are of a single category. Unitholders have equal rights, and are treated equally by the Fund Manager.

**33. Amendment of the Terms and Conditions of the Fund**

The Fund Manager shall amend and restate these Terms and Conditions at its discretion, subject to the approval of the Fund Board and the Shari'a Supervisory Committee.

The Fund Manager shall announce on its website and on the website of Saudi Tadawul and any other website available to the public subject to the guidelines defined by the CMA, and notify the CMA of, any details related to the fundamental changes to the Terms and Conditions, 10 Business Days prior to the effective date of this change.

In the event the changes are fundamental, the Fund Manager shall obtain the approval of the Unitholders of the relevant fund, on any proposed fundamental change, by an ordinary Fund resolution.

The term “Fundamental Change” means any of the following:

1. Any material change in the Fund’s objectives, nature or class;
2. Any change which may have a material adverse effect on Unitholders or their rights in respect of the closed-ended Fund;
3. Any change which may impact the Fund’s risk level;
4. The voluntary withdrawal of the Fund Manager from its role as Fund Manager;
5. Any change usually resulting in the Unitholders’ reconsidering their participation in the closed-ended Fund;
6. Any change resulting in increased payments out of the assets of the closed-ended Fund to the Fund Manager, to any Fund Board Member or to any of their affiliates.
7. Any change introducing a new type of payment payable out of the assets of the closed-ended Fund;
8. Any change which materially increases the types of other payments out of the assets of the closed-ended Fund;
9. Any change in the maturity date or the termination of the closed-ended Fund;
10. Any increase in the Total Asset Value of the Fund by accepting cash subscriptions, in-kind subscriptions or both;
11. Any other events as may be determined by the CMA from time to time and notified to the Fund Manager.

Notwithstanding, the Fund Manager shall obtain the approval of the Unitholders of the relevant fund on the proposed fundamental change referred to in sub-paragraph (9) above by way of a special resolution of the Fund.

After obtaining the Unitholders’ approval, the Fund Manager shall obtain the approval of the CMA and the Fund Board prior to making any fundamental change.

The Fund Manager shall obtain the approval of the Shari’a Supervisory Committee on fundamental changes.

Details of fundamental changes shall be shown in the reports of the Fund prepared by the Fund Manager in accordance with Article (25) of the Real Estate Investment Funds Regulations.

The Fund Manager shall announce on its website and on the website of Saudi Tadawul, and any other website available to the public in accordance with the guidelines defined by the CMA, any details related to the fundamental changes to the Terms and Conditions, 10 Business Days prior to the effective date of this change.

In respect of non-fundamental changes to the Terms and Conditions, such changes shall be announced in the annual and semi-annual reports, in accordance with Article (25) of the



Real Estate Investment Funds Regulations, and shall be disclosed on the Fund Manager's website and on any other website available to the public, in accordance with the guidelines defined by the CMA, any details related to the fundamental changes to the Terms and Conditions, 10 Business Days prior to the effective date of this change. The Fund Board's approval shall be obtained prior to the introduction of any non-fundamental change.

a "Non-Fundamental Change" means any change not categorized as a Fundamental Change as described above.

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

The Fund Manager shall provide declarations as contained in Appendix (1) of these Terms and Conditions.

#### **35. Governing Law**

These Terms and Conditions shall form a legally binding contract between the Fund Manager and each Unitholder. Subscribing for Units and purchasing thereof is considered an implied consent to these Terms and Conditions. These Terms and Conditions shall be governed and construed in accordance with the laws and regulations applicable in the Kingdom of Saudi Arabia.

The real estate investment traded fund (REIT) and the Fund Manager are subject to the Capital Market Law and its Implementing Regulations, as well as the relevant applicable laws and regulations in effect in the Kingdom of Saudi Arabia.

The Fund Manager and each investor shall seek to amicably resolve any dispute arising out of, or in connection with, these Terms and Conditions and the matters contained herein. In the event of a dispute for which no amicable settlement is reached, either party may refer this dispute to the competent judicial entity, namely the Committee for the Resolution of Securities Disputes established by the CMA.



**Appendix (1) – Fund Manager’s Declarations  
(As at the Date of Preparation of the Terms and Conditions)**

1. The Fund Manager declares that the Terms and Conditions of Alkhabeer REIT Fund were prepared in accordance with the Real Estate Investment Funds Regulations issued by the Saudi Arabian Capital Market Authority (CMA).
2. The Fund Manager declares that, having made all reasonable enquiries, according to the best of its knowledge and belief, there are no other facts the exclusion of which from this document would render any statement herein misleading. The Capital Market Authority (CMA) and Saudi Tadawul do not bear any responsibility for the contents of the Terms and Conditions.
3. The Fund Manager declares that the property is free and clear of any legal violations which may prevent, or cause the prevention of, the use or operation of the property, and that the property is technically sound and free of any major engineering defects or faults which may prevent, or cause the prevention of, the use or operation of the building, or may in turn cause costly major repairs and changes.
4. The Fund Manager declares that there is no direct / in direct conflict of interest, other than what is disclosed, between any of the following:
  - Fund Manager.
  - Manager(s) of the Properties related to the Fund.
  - Owner(s) of the Properties related to the Fund.
  - Lessee(s) of real estate assets with returns constituting (10%) or more of the Fund’s annual rental returns.
  - Approved Valuer.
5. The Fund Manager declares that it carried out the necessary due diligence to make sure that there is no direct / in direct conflict of interest between the seller of the properties to the Fund and the approved valuers.
6. The Fund Manager declares that all the members of the Fund Board were not subject to any bankruptcy or insolvency cases or bankruptcy or liquidation proceedings, and that they have not previously committed any fraudulent acts, crime of honor or activity which involves a fraud, and also have not previously committed any violation which involves a fraud or an act undermining honesty and loyalty, and that they have the required skills and expertise which qualify them for sitting on the Fund Board.
7. The Fund Manager declares that the independent directors are compliant with the “Independent Fund Director” definition contained in the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority, and that this will be applied to any independent director appointed by the Fund Manager throughout the Fund Term.



8. The Fund Manager declares that the members of the Board of Directors of Alkhabeer Capital have no other material business activities or interests which may conflict with the interests of the Fund.
9. The Fund Manager declares that there are no events of conflict of interest which may have an influence on the Fund Manager in carrying out its duties towards the Fund.
10. The Fund Manager declares that there are no other fees other than those listed in the table of charges and fees contained in Clause (15) of the Terms and Conditions.
11. The Fund Manager declares that the Fund will not be listed unless and until the transfer of the freehold or leasehold of the property to the Fund is completed. In the event this is not completed at the end of the Offering Period described in Clause (11) of the Terms and Conditions, all the Subscription Amounts will be returned to the subscribers.
12. The Fund Manager declares that no member of the Board of Directors may have a direct or indirect interest in the activities and contracts executed in favour of the Fund.
13. The Fund Manager declares that all the Fund-related contracts and agreements which may affect the decisions of investors regarding subscription or trading in the Fund, were disclosed in the Terms and Conditions, and that there are no contracts and agreements other than those contained in the Terms and Conditions.
14. The Fund Manager declares that Unitholders are entitled to vote on the issues presented to them at the Unitholders' meetings. In addition, the approval of the Unitholders shall be obtained by way of an Ordinary Resolution of the Fund or a Special Resolution of the Fund (as the case may be, in accordance with the provisions of these Terms and Conditions), in respect of making any fundamental change to the Fund, including the following:
  - Any significant change in the Fund's objectives, nature or class;
  - Any change which may have a material adverse effect on Unitholders or their rights in respect of the closed-ended Fund;
  - Any change which may impact the Fund's risk level;
  - The voluntary withdrawal of the Fund Manager from its role as Fund Manager;
  - Any change resulting in increased payments out of the assets of the closed-ended Fund to the Fund Manager, to any Fund Board Member or to any of their affiliates.
  - Any change introducing a new type of payment payable out of the assets of the closed-ended Fund;
  - Any change which materially increases the types of other payments out of the assets of the closed-ended Fund;
  - Any change in the maturity date or the termination of the closed-ended Fund
  - Any increase in the Total Asset Value of the closed-ended Fund by accepting cash subscriptions, in-kind subscriptions or both;
  - Any other events as may be determined by the CMA from time to time and notified to the Fund Manager.



15. The Fund Manager declares that, according to the best of its knowledge and belief, and after taking reasonable due care, it will take all the steps required to serve the best interest of Unitholders. The Fund Manager and its directors, managers, officers, employees, agents and advisors, as well as the subsidiaries, the Custodian, the Shari'a Advisor and the Fund Board, will take reasonable due care and diligence and act in good faith in order to serve the best interest of Unitholders. However, the Fund may be subject to losses of any kind whatsoever as a result of any non-willful conduct on the part of any of the mentioned parties in respect of their management of the affairs of the Fund. At this point those parties will not hold any responsibility for such losses, provided they have acted in good faith – good faith is proven in the event there are no conducts, decisions or correspondence indicating that they had knowledge of the negative results of such action – and in such a way that is believed to optimally serve the interest of the Fund, and provided such action does not entail a gross negligence, fraud or willful misconduct.
16. The Fund Manager declares that it has explained to the approved valuer that the scope of work on the valuation reports must be appropriate in respect of the Fund Manager's request and valid for use for the purpose of offering them to the public and incorporating the market rental value if different from the contractual rental value contained in the lease contracts of the properties.



## Appendix (2) – Summary Financial Disclosure

<b>Management Fees</b>	9% per annum of the net annual rental value collected from the properties owned by the Fund. Management Fees are payable quarterly to the Fund Manager. Management Fees shall not exceed 0.75% of the Fund's NAV according to the last valuation of the Fund (i.e. Management Fees will be calculated based on the lowest amount, either at 9% per annum of the annual net rental value, or at 0.75% of the Fund's NAV, whichever is lower).
<b>Capital Structuring Fees</b>	<p>1.5% of the total Subscription Amounts (in-cash and in-kind) raised during the Initial Offering Period or when collecting any other future Subscription Amounts, whether in cash or in kind. Such Fees shall be payable to the Fund Manager for the Fund Manager's efforts expended in respect of capital structuring and raising. Capital Structuring Fees shall be borne by the Fund, and paid once immediately upon the closing of the offering of any capital raising exercise. Whereas the total Subscription Amounts following the Initial Offering is SAR 664,423,860, the Fund paid to the Fund Manager Capital Structuring Fees in the amount of SAR 9,966,360.</p> <p>Whereas the Fund's Total Asset Value was increased by issuing the First Subsequent Units, and whereas the total Subscription Amounts after the First Subsequent Offering is SAR 325,302,022, the Fund paid to the Fund Manager Capital Structuring Fees in the amount of SAR 4,879,522.</p> <p>Capital Structuring Fees do not apply to the increase of the Fund's Total Asset Value by way of issuing the Second Subsequent Units during the Fund's Second Subsequent Offering Period.</p>
<b>Subscription Fees</b>	<p>Subscription Fees are exempt during the Fund's Initial Offering Period, and payable in cash by Subscribers in relation to the Fund's First Subsequent Offering.</p> <p>Subscription Fees will apply to all Subscribers in cash in respect of the Fund's Units during the Second Subsequent Offering Period. No cash subscriber will be exempted from the Subscription Fees during the Second Subsequent Offering Period. The Subscription Fees shall be 2% of the cash Subscription Amounts. These Subscription Fees shall be deducted when the cash Subscription Amount is received and paid to the Fund Manager, in addition to the Subscription Amount.</p> <p>The Fund Manager may receive Subscription Fees at a rate of 2% of the paid and allocated cash Subscription Amounts in the event of any future offerings to increase the Fund's Capital.</p>
<b>Debt Structuring Fees</b>	The Fund Manager is entitled to receive Debt Structuring Fees equal to 1.5% of the financing amount drawn down from the total amount of the banking facilities, compliant with the Shari'a Guidelines of the Shari'a Supervisory Committee, obtained by the Fund or any of its affiliates, in return for the efforts expended in respect of structuring and securing the required financing. Debt Structuring Fees shall be borne by the Fund and paid after receiving the official approval of the financier bank on the financing amount.



	<p>The Fund received financing in the sum of SAR 340,000,000 (First Drawdown) from Al Rajhi Bank to fund the acquisition of the Initial Real Estate Assets. The Fund paid to the Fund Manager Debt Structuring Fees in the amount of SAR 5,100,000.</p> <p>Whereas the Fund received financing in the sum of SAR 397,500,000 (Second Drawdown) from Al Rajhi Bank to fund the acquisition of the First Additional Real Estate Assets, the Fund paid to the Fund Manager Debt Structuring Fees in the amount of SAR 5,962,500.</p> <p>Whereas the Fund will not use any additional financing amount to fund the acquisition of the Second Additional Real Estate Assets, Debt Structuring Fees do not apply to the Second Subsequent Offering.</p>
<b>Brokerage Fees</b>	<p>The Fund shall pay 2.5% (as a maximum) of the value of any real estate investment acquired to the broker and/or the Fund Manager, in return for sourcing opportunities, investigating and negotiating. Such Fees shall be payable on properties to be acquired during the Fund's Offering Period, and on any properties to be acquired by the Fund in the future. They shall be paid immediately after the transfer to title of the property.</p> <p>The Fund paid the Brokerage Fees in relation to the Initial Real Estate Assets (excluding Almalga Residential Compound – it has no Brokerage Fees) in a sum total of SAR 16,157,500.</p> <p>The Fund paid the Brokerage Fees in relation to the First Additional Real Estate Assets in a sum total of SAR 17,225,000. In respect of the First Additional Real Estate Assets, the Brokerage Fees were paid to the Fund Manager in a sum total of SAR 8,612,500. The remaining Brokerage Fees were paid to other parties (brokers).</p> <p>The Fund will pay the Brokerage Fees in relation to the Second Additional Real Estate Assets in a sum total of SAR 7,835,000. In respect of the Second Additional Real Estate Assets, the Brokerage Fees will be paid to the Fund Manager in a sum total of SAR 3,917,500. The remaining Brokerage Fees will be paid to other parties (brokers).</p> <p>The Fund Manager declares that there is no relation between the Fund Manager and the third party brokers in respect of the acquisition of the First and Second Additional Assets subject of the increase of the Fund's Total Asset Value, as none of them is considered to be a related party, taking into consideration that there is no conflict of interest between the Fund Manager and the third party brokers, whether directly or indirectly.</p>
<b>Custodian Fees</b>	<p>SAR 50,000, payable once; and 0.025% per annum of the Fund's Total Asset Value according to the last audited financial statements, subject to a minimum of SAR 200,000. Custodian Fees shall be paid semi-annually.</p>
<b>Fund Operator Fees</b>	<p>The Fund shall pay the Fund Operator annual Fees of 0.025% of the Fund's Net Asset Value.</p>
<b>Auditor Fees</b>	<p>The Fund shall pay the Auditor annual Fees of SAR 80,000.</p>
<b>Tax Advisor Fees</b>	<p>The Fund shall pay the Tax Advisor annual Fees of SAR 62,000.</p>
<b>ZATCA Registration</b>	<p>Expenses for ZATCA Registration and information declaration filings are</p>



<b>Expenses</b>	expected to amount to a sum of SAR 15,000.
<b>Shari'a Supervisory Committee Fees</b>	The Fund shall pay the Shari'a Advisor annual Fees of SAR 15,000.
<b>Independent Directors' Remuneration</b>	<p>The Fund shall pay SAR 5,000 per annum to each independent director, plus an attendance fee of SAR 4,000 per meeting. Two Fund independent directors were appointed. It is expected that a minimum of two meetings and a maximum of four meetings will be held each year. The Chairman may convene an urgent Fund Board meeting whenever he deems necessary. Total Remuneration paid to all of the independent directors shall not exceed SAR 42,000 per annum.</p> <p>The remaining members of the Fund Board will not receive any Remuneration. However, the Fund will bear all the actual travel and accommodation costs reasonably incurred by each of the directors to attend the meetings. This annual Remuneration is calculated and paid semi-annually.</p>
<b>Regulatory Fees</b>	The Fund shall pay Regulatory Fees of SAR 7,500 per annum to the CMA. These Fees shall be paid annually.
<b>Saudi Tadawul Registration Fees</b>	<p>The Fund is expected to pay the following Fees for the purpose of registering on Saudi Tadawul:</p> <ul style="list-style-type: none"> <li>– SAR 50,000 plus SAR 2 per Unitholder, up to a maximum of SAR 500,000, payable to the Securities Depository Center Company (Edaa) in return for setting up the Unitholders' Register (They shall be paid prior to the listing and trading of the Fund Units); and</li> <li>– SAR 400,000, payable annually to the Securities Depository Center Company (Edaa) in return for managing the Unitholders' Register. The value of these Fees varies from time to time depending on the value of the Fund's Capital.</li> </ul>
<b>Saudi Tadawul Listing Fees</b>	<p>The Fund is expected to pay the following Listing Fees:</p> <ul style="list-style-type: none"> <li>– SAR 50,000 as Initial Listing Fees; and</li> <li>– 0.03% per annum of the market value of the Fund (a minimum of SAR 50,000 and a maximum of SAR 300,000).</li> </ul> <p>Listing Fees shall be paid to Saudi Tadawul prior to the listing and trading of the Fund Units.</p>
<b>Costs of Transactions</b>	<p>The Fund shall be responsible for all the costs of transactions, such as the cost of acquisition and liquidation of any asset and any related studies in respect thereof, as well as the advisory, legal, technical and valuation costs and the costs of other due diligence requirements. The Fund shall also bear the costs of transactions related to the distribution of dividends to investors in compliance with market standards.</p> <p>A budget of SAR 1,000,008 was allocated to pay the costs of transactions related to the due diligence of the Second Additional Real Estate Assets. In the event this budget is not disbursed, or if only a part thereof is disbursed, the budget surplus will be treated as a Fund asset (that is, it will be allocated as cash available for investment in accordance with the</p>





	investment concentration policies shown in Clause (9) titled "Summary of Fund Strategies"). The Fund shall bear the actual expenses only, which will be disclosed in accordance with the latest reviewed pro forma financial statements or the audited annual financial statements, whichever is more recent.													
<b>Financing Costs</b>	The Fund shall bear all the costs of financing obtained based on a financing arrangement made in compliance with the Shari'a Guidelines of the Shari'a Supervisory Committee, in line with market norms and prices. These costs include the arranging fees received by the financier bank, plus the profit margin, as well as the expenses related to any hedging agreement made in compliance with the Shari'a Guidelines of the Shari'a Supervisory Committee, if the Fund Manager decides to fix the SAIBOR rate of the facilities.													
<b>Property Management Fees</b>	The Fund shall bear all fees related to the operation, management and maintenance of all of the properties owned by the Fund, in accordance with the contracts signed with the specialized service providers or with the lessees of the properties. The Fund Manager will negotiate during the period of operation of the Fund all the Property Management Fees on an arm's length basis, in line with market prices prevailing at the time, such that the said Fees are paid out of the Fund's assets. These Fees are detailed as follows:													
	<table border="1"> <thead> <tr> <th colspan="2">Property Name</th><th>Property Manager Name</th><th>Property Management Fees</th></tr> </thead> <tbody> <tr> <td rowspan="2">Almalga Residential Compound</td><td>Almalga Residential Compound (The eight leased buildings)</td><td>Areeb Contracting Est.</td><td>A sum of SAR 1,350,000 per annum, to be paid quarterly to Areeb Contracting Establishment as expenses and fees for the management of Almalga Residential Compound.</td></tr> <tr> <td>Almalga Residential Compound (The ten vacant buildings)</td><td>Painite Operation and Maintenance Company</td><td>Painite Company was appointed by a cost-plus contract providing for payment at cost plus 15% (up to a maximum of SAR 2,200,000), in addition to marketing commissions and fees of up to 7% of the collected rental revenues in respect of the new lease agreements, and 3.5% of the collected rental revenues in respect of the renewed lease</td></tr> </tbody> </table>			Property Name		Property Manager Name	Property Management Fees	Almalga Residential Compound	Almalga Residential Compound (The eight leased buildings)	Areeb Contracting Est.	A sum of SAR 1,350,000 per annum, to be paid quarterly to Areeb Contracting Establishment as expenses and fees for the management of Almalga Residential Compound.	Almalga Residential Compound (The ten vacant buildings)	Painite Operation and Maintenance Company	Painite Company was appointed by a cost-plus contract providing for payment at cost plus 15% (up to a maximum of SAR 2,200,000), in addition to marketing commissions and fees of up to 7% of the collected rental revenues in respect of the new lease agreements, and 3.5% of the collected rental revenues in respect of the renewed lease
Property Name		Property Manager Name	Property Management Fees											
Almalga Residential Compound	Almalga Residential Compound (The eight leased buildings)	Areeb Contracting Est.	A sum of SAR 1,350,000 per annum, to be paid quarterly to Areeb Contracting Establishment as expenses and fees for the management of Almalga Residential Compound.											
	Almalga Residential Compound (The ten vacant buildings)	Painite Operation and Maintenance Company	Painite Company was appointed by a cost-plus contract providing for payment at cost plus 15% (up to a maximum of SAR 2,200,000), in addition to marketing commissions and fees of up to 7% of the collected rental revenues in respect of the new lease agreements, and 3.5% of the collected rental revenues in respect of the renewed lease											



				agreements. These Fees shall be paid after submitting each invoice based on the submitted invoices.
	Gallery Mall		The Lessee (Suliman Al Qadeebi Sons' Contracting Company) shall be in charge of the management of the property	N/A
	Palazzo Plaza		Numu Company Limited	SAR 400,000 per annum, to be paid semi-annually to Numu Company Limited as expenses and fees for the management of Palazzo Plaza.
	Home Works Center		The Lessee (Al-Futaim International Trading Company) shall be in charge of the management of the property	N/A
	Ahlan Court		The Lessee (Nadd Arabia Marketing Company) shall be in charge of the management of the property	N/A
	BIN II Plaza		The Lessee (Nadd Arabia Marketing Company) shall be in charge of the management of the property	N/A
	Elite Commercial Center		The Lessee (Nadd Arabia Marketing Company) shall	N/A



		be in charge of the management of the property	
	Elegance Tower	The Lessee (Al Saedan Real Estate Company) shall be in charge of the management of the property	N/A
	Al-Farabi Colleges	The Lessee (Vision Colleges Company for Education) (formerly Al-Farabi Colleges Company for Education where the name of the company was changed) shall be in charge of the management of the property	N/A
	Al-Farabi Colleges Training Building	The Lessee (Vision Colleges Company for Education) (formerly Al-Farabi Colleges Company for Education where the name of the company was changed) shall be in charge of the management of the property	N/A
	Vision Colleges for Education - Jeddah	The Lessee (Vision Colleges Company for Education) shall be in charge of the management of the property	N/A
	Akun Warehouses	The Lessee	N/A



		(Akun Logistic Services Company) shall be in charge of the management of the property	
<b>Insurance Costs</b>	The Fund shall bear all costs related to the insurance of the properties owned by the Fund. A budget was allocated for the insurance costs related to the real estate assets amounting to SAR 851,200 per annum, to pay any costs related to the insurance of the properties. The Fund shall bear the actual expenses only, which will be disclosed in the latest reviewed pro forma financial statements or the audited annual financial statements, whichever is more recent.		
<b>Development Fees</b>	In the event the Fund acquires projects under development in the future at a rate not exceeding 25% of the Fund's Total Asset Value as per the last audited financial statements, the Fund Manager will negotiate the relevant Development Fees to be incurred by the Fund and paid to developers on an arm's length basis in line with market prices. For the avoidance of doubt, the Fund did not incur any Development Fees in respect of the real estate assets.		
<b>Fund Assets Expenses</b>	When performing future development works, the Fund shall bear all the costs of design, engineering, procurement, supervision, property development and management of property development, to be calculated and paid out of the Fund's assets to the third party service providers concerned.		
<b>Other Expenses</b>	<p>The Fund shall bear all the other expenses related to the continued professional and operational services provided by third parties, including - without limitation - the legal and advisory expenses, asset valuation expenses, regulatory fees, litigation fees and expenses, other costs of professional services, and expenses for the formation and operation of the special purpose vehicles established for custody of the Fund's assets, in addition to the income purification expenses (if any). The Fund shall be liable for any due and payable tax to be imposed in the future by the regulatory authorities. Such expenses shall not exceed 0.5% of the Fund's Total Asset Value annually, with the exception of the fees, charges and taxes that are subject to government laws and regulations.</p> <p>A budget of SAR 150,000 was allocated to pay the Fees of the Fund's Legal Advisor (The Law Office of Mohammad Al-Ammar - In Affiliation with King &amp; Spalding LLP) in relation to the increase of the Fund's Total Asset Value. If this budget is not disbursed, or if only a part thereof is disbursed, the budget surplus will be treated as a Fund asset (that is, it will be allocated as cash available for investment in accordance with the investment concentration policies shown in Clause (9) titled "Summary of Fund Strategies"). The Fund shall bear the actual expenses only, which will be disclosed in accordance with the latest reviewed pro forma financial statements or the audited annual financial statements, whichever is more recent.</p>		
<b>Total Expense Ratio</b>	The Total Expense Ratio for 2021 is 3.97%. This Ratio will be quarterly updated and published on the websites of the Fund Manager and Saudi		



	Tadawul.
<b>Zakat</b>	<p>The Fund Manager shall comply with the “Rules of Zakat Collection from Investors in Investment Funds”, as amended from time to time. The Fund Manager also undertakes to register the Fund with the Zakat, Tax and Customs Authority (ZATCA) for the purposes of zakat and filing requisite returns in accordance with CMA Rules and Regulations, as amended. The responsibility for the calculation and payment of zakat falls upon the Fund Unitholders. The Fund may not in any way be held liable in this respect. In addition, the Fund Manager undertakes to provide ZATCA with all requisite information declarations within a period not exceeding 120 days as of the end of the Fund’s zakat year. The Fund Manager will also provide Unitholders upon request with requisite information to calculate their respective tax bases in accordance with the Rules. Zakat paying investors subject to these Rules holding Fund Units are required to calculate and pay zakat on those investments. Expenses for ZATCA Registration and information declaration filings are expected to amount to a sum of SAR 15,000 per annum, payable by the Fund. The Fund Manager shall also notify ZATCA of the termination of the Fund within 60 days after the date of termination. ZATCA rules are available at the following URL: <a href="https://zatca.gov.sa/en/Pages/default.aspx">https://zatca.gov.sa/en/Pages/default.aspx</a></p>



### Appendix (3) – Example of Calculation of Fees and the Total Expense Ratio of the Fund

The table below shows a hypothetical and illustrative example of a client's investment in a sum total of SAR 1,000,000 for a period of ten years "Investment Period", assuming that the Fund's Capital at the time is SAR 1,410,088,480 and will not change throughout the Investment Period, and that the Fund will generate a total return on investment at a rate of 11.20% for the first year of the Second Subsequent Offering and at a rate of 11.20% per annum from the second year to the tenth year of the Second Subsequent Offering, and that the Fund will distribute 100% of the Fund's net returns annually, and that all the Fund's expenses will not change throughout the Investment Period. Moreover, Saudi Tadawul Registration and Listing Fees for the market value of the Fund were calculated annually at the maximum rate. The table below shows the share of the Unitholder of expenses and the net return on investment in Saudi Riyal based on the hypothetical example:

Unit Price	SAR 10
Number of Fund Units	141,008,848 Units
Hypothetical Capital of the Fund	SAR 1,410,088,480
Fund's Total Asset Value	SAR 2,062,727,909
Hypothetical Drawdown Financing Amount (Based on a Fund Financing Ratio of 43.52% of the Fund's Total Asset Value)	SAR 737,500,000
Hypothetical Annual Rent in the First Year of the Subsequent Offering	SAR 157,970,014
Hypothetical Annual Rent From the Second Year to the Tenth Year of the Subsequent Offering	SAR 157,970,014

Hypothetical Subscription Amount	SAR 1,020,000
Subscription Fees	SAR 20,000
Hypothetical Investment Amount	SAR 1,000,000
Hypothetical Number of Subscription Units	100,000 Units

	First Year of the Second Subsequent Offering		From Year 2 to Year 10 of the Second Subsequent Offering	
Type of Fees	Fund Fees	Investment Fees	Fund Fees	Investment Fees
<b>Recurring Fees and Expenses</b>				
Management Fees (9% of the net annual rent, provided Management Fees does not exceed 0.75% of the Fund's Net Asset Value)	9,523,841	6,754	9,523,841	6,754
Custodian Fees (0.025% of the Fund's Total Asset Value)	490,675	348	490,675	348
Fund Operator Fees (0.025% of the Fund's Net Asset Value)	331,306	235	331,306	235
Auditor Fees (SAR 80,000)	75,000	53	80,000	57
Shari'a Advisor Fees (SAR 15,000)	15,000	11	15,000	11
Independent Directors' Remuneration (SAR 26,000)	26,000	18	24,000	30
Tax Advisor Fees (SAR 62,000)	62,000	44	62,000	44
ZATCA Registration Expenses (SAR 15,000)	0	0	15,000	11



Saudi Tadawul Listing and Registration Fees	797,567	566	797,567	566
Regulatory Fees (SAR 7,500)	7,500	5	7,500	5
Other Expenses (professional and operational services, advisory expenses, regulatory fees and legal fees)	4,435,221	3,145	4,435,221	3,145
Property Management Fees	3,950,000	2,801	3,950,000	2,801
Insurance Costs	851,200	604	851,200	604
Land Lease and Improvements to the Initial Real Estate Assets	1,623,479	1,151	1,623,479	1,151
Financing Costs	33,833,500	23,994	33,833,500	23,994
<b>Total Recurring Fees and Expenses</b>	<b>56,022,289</b>	<b>39,729</b>	<b>56,058,289</b>	<b>39,755</b>

Ratio of Fund's Recurring Costs to Total Asset Value	2.72%		2.72%	
Ratio of Fund's Recurring Costs to Capital	3.97%		3.97%	
Hypothetical Net Investment Amount Before Return	1,325,227,909	939,819	1,325,227,909	939,819
Total Return Earned*	157,970,014	112,028	157,970,014	112,028
Total Return Earned (%)	11.20%		11.20%	
Hypothetical Net Investment Amount After Return	1,483,197,923	1,051,847	1,483,197,923	1,051,847
Hypothetical Net Return on Investment	101,947,725	72,299	101,911,725	72,273
Hypothetical Net Return on Investment (%)	7.23%		7.23%	

The ZATCA Registration Expenses item was added for the sake of compliance with ZATCA's circular in relation to the Fund Manager's compliance with the Zakat Collection Rules, in accordance with Ministerial Resolution issued by H.E. Minister of Finance, Chairman of the Board of ZATCA, No. 29791 dated 09.05.1444H.

Non-Recurring Fees and Expenses (Paid out of the Fund's Capital Related to the Second Subsequent Offering)**				
Debt Structuring Fees	N/A	N/A	N/A	N/A
Financing Costs (Financing Arrangement Fees)	N/A	N/A	N/A	N/A
Other Expenses – Legal Advisor Fees	150,000	106	N/A	N/A
Initial Registration and Listing Fees	110,000	78	N/A	N/A
Costs of Transactions Related to Due Diligence and the Valuation of the New Real Estate Assets	1,000,008	709	N/A	N/A
Brokerage Fees	7,835,000	5,556	N/A	N/A
Capital Structuring Fees	N/A	N/A	N/A	N/A
<b>Total Non-Recurring Fees and Expenses (Paid out of the Fund's Capital Related to the Subsequent Offering)</b>	<b>9,095,008</b>	<b>6,450</b>	<b>N/A</b>	<b>N/A</b>
<b>Ratio of Total Non-Recurring Fees and Expenses to Total Asset Value</b>	<b>0.44%</b>		<b>N/A</b>	<b>N/A</b>





Ratio of Total Non-Recurring Fees and Expenses to Fund's Capital	0.64%	N/A	N/A
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\* Target Total return of 11.20% in the first year of the Second Subsequent Offering and 11.20% per annum from the second year to the tenth year of the Second Subsequent Offering (excluding the Value Added Tax)

\*\* The proceeds of the Second Subsequent Offering will be used to acquire the Second Additional Real Estate Assets and pay the initial fees, costs and charges (non-recurring) relevant to the Second Subsequent Offering

#### Hypothetical Example of Calculation of Management Fees

Hypothetical Net Asset Value of the Fund	SAR 900.54 million
Hypothetical Net Annual Rent	SAR 112.03 million
Management Fees of 9% per annum of the net annual collected rent, provided Management Fees does not exceed 0.75% of the Fund's Net Asset Value:	
9% per annum of the net annual rent	SAR 10.08 million
0.75% of the Fund's Net Asset Value	SAR 6.75 million
<b>Adopting the lower value, total Management Fees applied in respect of the Fund is 0.75% of the Fund's Net Asset Value</b>	<b>SAR 6.75 million</b>
Hypothetical Number of Subscription Units	100,000 Units
Hypothetical Investment Amount	SAR 1,000,000
<b>Management Fees</b>	<b>SAR 6,754</b>



**Appendix (4) – Shareholders of Companies Who Own the Properties**

Property / Leasehold	Current Property Owner	Shareholder's Name	Percentage Shareholding in the Company (%)
Gallery Mall	Suliman Al Qadeebi Sons' Contracting Company	1. Yousef bin Suliman Al Qadeebi	38.52%
		2. Bader bin Suliman Al Qadeebi	25.02%
		3. Sattam bin Suliman Al Qadeebi	18.74%
		4. Khalid bin Suliman Al Qadeebi	9.38%
		5. Sultan bin Suliman Al Qadeebi	8.34%

Palazzo Plaza	<b>Property Owner:</b> Shumou Investment Company	1. Bader Fahad Ibrahim Al Mugayel	22%
		2. Bandar Fahad Ibrahim Al Mugayel	22%
		3. Albdulaziz Fahad Ibrahim Al Mugayel	22%
		4. Hassa Albdulaziz Mohamad bin Yousef	12%
		5. Samia Fahad Ibrahim Al Mugayel	11%
		6. Latifa Fahad Ibrahim Al Mugayel	11%
	<b>Owner of Land Leasehold:</b> Numu Company Ltd. (owned)	1. Tatweer Holding Company	75%
		2. Fouad Ahmed Mohamed Hobaida Al Omari	25%

Property / Leasehold	Current Property Owner	Shareholder's Name	Percentage Shareholding in the Company (%)
Elegance Tower	Al Saedan Real Estate Company	1. Ibrahim bin Mohammed bin Abdullah bin Saedan	64.23%
		2. Badr Bin Ibrahim Bin Saeedan & Sons Investment Company	5.77%
		3. Ahmed bin Ibrahim bin Mohammed bin Saedan	5.00%
		4. Mohammed bin Ibrahim bin Mohammed bin Saedan	4.69%
		5. Lynn bint Mohammed bin Ibrahim bin Saedan	0.15%
		6. Talia bint Mohammed bin Ibrahim bin Saedan	0.15%
		7. Noura bint Abdullah bin Mohammed Al Salouli	2.50%
		8. Nouf bint Ibrahim bin Mohammed bin Saedan	2.50%
		9. Hind bint Ibrahim bin Mohammed bin Saedan	2.50%
		10. Amal bint Ibrahim bin Mohammed bin Saedan	2.50%
		11. Manal bint Ibrahim bin Mohammed bin Saedan	2.50%



		12. Loulwa bint Ibrahim bin Mohammed bin Saedan	2.50%
		13. Dania bint Ibrahim bin Mohammed bin Saedan	2.50%
		14. Hitaf bint Ibrahim bin Mohammed bin Saedan	2.50%

Property / Leasehold	Current Property Owner	Shareholder's Name	Percentage Shareholding in the Company (%)
Al-Farabi Colleges and Al-Farabi Colleges Training Building	Al Maqsad Real Estate Company	Othman Abdulaziz Othman Al Zouman	100%



## **Appendix (5) – Shari’a Guidelines of the Shari’a Supervisory Committee**

The Fund is permitted by the Shari’a Supervisory Committee in accordance with the following Principles:

### **1. Shari’a Principles Related to the Fund Manager’s Fees**

- The Fund Manager is entitled to receive Fees from the investor in return for its subscription, as they are a consideration for benefits permitted by Shari’a, whether these Fees were in the form of a lump sum or a percentage deducted out of the value of the purchased Unit, provided these Fees are provided for in the Terms and Conditions of the Fund.
- The Fund Manager is entitled to periodically deduct Fees for management, and these Fees may be determined at a specific percentage of the assets of the Fund on a known periodic date, provided this percentage is determined and known to investors in the Terms and Conditions of the Fund.
- The Fund Manager is entitled to deduct performance incentives, which are additional fees required by the Fund Manager to be paid by the investor in the event the level of profits increases above a certain agreed upon cap, as they are part of the known Fees and do not lead to disputes, provided this percentage is determined and known to investors in the Terms and Conditions of the Fund

### **2. Shari’a Principles Related to Managing and Marketing the Fund**

- The Fund Manager shall expend all efforts to invest the funds of the Fund in the optimal and best interest of investors.
- The Fund Manager shall invest the funds of the Fund for the purpose for which the Fund was established, and it may not invest in anything other than what is stated in the Terms and Conditions of the Fund, unless and until notifying the investors thereof.
- The Fund Manager shall disclose all the expenses borne by the Fund.
- The Fund Manager may provide for the profit rate expected to be obtained from subscription in the Fund based on a market study, provided this is done for the purpose of approximation and projection.
- The Fund Manager shall fully disclose all the expenses borne by the Fund.
- All of the Fund’s documents, including contracts and other forms, shall be compliant with Shari’a.
- The Fund Manager may not enter into any contract providing for payment or entitlement of usury (Riba), and may take legal action to obtain its entitlements.



### **3. Shari'a Principles Related to Selling or Leasing the Fund Assets**

- The Fund Manager shall invest its funds in the acquisition and operation of real estate projects which are permitted by Shari'a and do not involve usury (Riba).
- The Fund Manager may not calculate any usury (Riba) in the event any party is in delay in paying its liabilities, and may take appropriate legal action to obtain its entitlements.
- The Fund Manager may lease the properties before selling them, provided that it does not lease them to any person or entity engaged in an activity forbidden by Shari'a, such as leasing to banks involved in usury.
- The insurance system adopted to protect the properties shall be in compliance with the Shari'a Guidelines of the Shari'a Supervisory Committee.
- Funding the acquisition / development of the properties shall be in compliance with the Shari'a Guidelines of the Shari'a Supervisory Committee.
- All the contracts and agreements of the Fund shall be presented to the Shari'a Board prior to execution in order to ascertain that they are compliant with the Shari'a Guidelines of the Shari'a Supervisory Committee.
- The Fund Manager may not invest in properties in which the lessees' activities are concentrated on the following Shari'a forbidden activities:
  1. Gambling
  2. Alcohol sale and production.
  3. Tobacco production.
  4. Arms manufacturing.
  5. Prostitution.
  6. Drugs.
  7. Commercial insurance and usury financing institutions.
  8. Any other Shari'a forbidden activities as determined by the Shari'a Supervisory Committee.
- The Fund Manager may invest in properties leased to companies or persons who are not compliant with the aforementioned Principles, including banks, insurance companies, institutions engaged in gambling and alcohol, etc., provided that the rent collected from these entities represents 5% or less of the total rents collected from the property, subject to the following conditions:
  1. Revenues generated from these entities are donated to charitable entities after obtaining the approval of the Shari'a Supervisory Committee.
  2. If the Fund Manager is able to replace the lessee whose activity is incompliant, with a lessee engaged in an activity compliant with the Shari'a Guidelines, without



- causing any damage to the Fund financially and legally, then the Fund Manager shall proceed with replacing the lessee after serving a 3-month written notice to it.
3. If the aforementioned action causes financial or legal damages to the Fund, in this case, the lessee shall be kept until the end of the lease term, and the contract shall not be renewed.
  4. If the Fund Manager invests in a property with no lessees or with lessees engaged in activities compliant with the Shari'a Guidelines, the Fund Manager may not lease the property to a lessee with an activity not compliant with the Shari'a Guidelines, even if the income from this lessee is less than 5% of the total collected rents.



### Appendix (6) – Proxy Form

I, [\_\_\_\_\_] a [\_\_\_\_\_] national, holder of ID/Passport No. [\_\_\_\_\_] [in my capacity as authorized representative of [\_\_\_\_\_] (the “Unitholder”), being the legal registered owner of [\_\_\_\_\_] Units for a value of [\_\_\_\_\_] in Alkhabeer REIT Fund (the “Fund”), do hereby appoint [\_\_\_\_\_] a [\_\_\_\_\_] national, holder of ID/Passport No. [\_\_\_\_\_] as [my/the Unitholder’s] proxy in relation to the Fund Units, with authority to attend and vote at all Unitholders’ meetings from the date hereof until otherwise determined or (until I am no longer a Fund Unitholder/until the Unitholder is no longer a Fund Unitholder).

IN WITNESS WHEREOF, this Proxy is signed on, and shall come into effect as of, [\_\_\_\_\_].

Proxy’s Name:	
Mobile No.:	Email:
Address:	
Proxy’s Signature:	



### A) Subscriber's Information (For Individuals)

### B) Subscription of Family Members

### C) Subscriber's Information (For Companies and Investment Funds)

#### D) Subscription Details\*

\*In the event of subscription of family members, the total number of required units for all subscribers shall be written

**Subscriber's Payment Instructions (Individuals / Companies and Investment Funds):**

- [illegible]

E) Details of the Portfolio in Which the Units will be Deposited

Investor's Name:
Investment Account Number:
Portfolio Number:

F) Investor's Declaration

We hereby acknowledge that we are a "Qualified Investor" as shown in the Terms and Conditions of the Fund. By returning this Subscription **Application** Form back to Alkhabeer Capital and/or the Receiving Entity(ies), we confirm our final offer to subscribe for Units in Alkhabeer REIT Fund, which could be accepted in whole or in part (just like oversubscription in the Fund) by Alkhabeer Capital based its own discretion as Fund Manager. We also acknowledge that we are legally competent and have the authority and power as required by law to sign this Subscription Application and own Units in accordance with the Terms and Conditions of the Fund. We further acknowledge that we have not, nor any of the individuals contained in this Application, previously applied for subscription for Units in the Fund, and that the Fund Manager has the right to reject all the applications in the event of applying for subscription more than once. We hereby submit our application for subscription in Alkhabeer REIT Fund in accordance with the Terms and Conditions which we have received, understood and signed expressing our acceptance thereof.

**Individual Investors**

Name of the Major Investor:

Signature:

Address:

Email:

Mobile:

**Corporate and Investment Funds Investors**

Authorized Signatory(ies):

Name:

Title:

Company's Stamp:

Address:

Email:

Mobile:

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I hereby submit my application for subscription in Alkhabeer REIT Fund based on the aforementioned. In reliance on the Terms and Conditions which I have received, read and understood, I sign expressing my acceptance thereof, and authorize you to debit from my investment account with you as aforementioned.

## Appendix (8) – Method of Calculation of the Target Subscription Price

### Pricing Mechanism

The Target Subscription Price is relevant to the additional Units for requesting the increase of the Fund's Total Asset Value by way of offering additional Units. The Unit Price will be adopted based on the Weighted Average Unit Price (on the basis of the trading volume and the Closing Price for the last 20 trading days before the issue of CMA's approval), subject to not exceeding the Net Asset Value per Unit as per the last audited pro forma financial statements dated 30 September 2020, which amounts to SAR 8.8201 per Unit. This means that the Target Subscription Price will be calculated based on the lower value. Therefore:

- If the Weighted Average Closing Price for the last 20 trading days before the issue of CMA's approval is **greater** than the Net Asset Value per Unit, then the Net Asset Value per Unit will be adopted.
- If the Weighted Average Closing Price for the last 20 trading days before the issue of CMA's approval is **lower** than the Net Asset Value per Unit, then it will be adopted.

The number of additional Units is calculated based on the Net Asset Value per Unit or the weighted average price (whichever is lower) which is comprised of four decimal places. For the purpose of calculating the number of additional Units offered against the in-cash and in-kind subscription, and in the event there are fractions in the number of Units, the number is rounded in order to obtain an integral number of Units.

### Method of Calculation of the Target Subscription Price

- I) Calculation of the Weighted Average Closing Price for the last 20 trading days before the issue of CMA's approval:



Number of Trading Days	Date	Closing Price (SAR)	Traded Quantity	Trading Value (SAR)	Volume Weighted Average Price $D = C \div \text{Total Value of Trading for the Last 20 Days}$	Weighted Average Unit Price (SAR) $E = A \times D$
		A	B	C = A + B		
1	03 January 2021	9.32	94,082	876,844.24	3.9%	0.3613
2	31 December 2020	9.39	70,272	659,854.08	2.9%	0.2739
3	30 December 2020	9.39	11,114	104,360.46	0.5%	0.0433
4	29 December 2020	9.39	18,749	176,053.11	0.8%	0.0731
5	28 December 2020	9.40	76,625	720,275.00	3.2%	0.2993
6	27 December 2020	9.42	75,761	713,668.62	3.2%	0.2972
7	24 December 2020	9.40	40,116	377,090.40	1.7%	0.1567
8	23 December 2020	9.33	87,654	817,811.82	3.6%	0.3373
9	22 December 2020	9.32	139,098	1,296,393.36	5.7%	0.5342
10	21 December 2020	9.27	180,405	1,672,354.35	7.4%	0.6854
11	20 December 2020	9.40	275,323	2,588,036.20	11.4%	1.0755
12	17 December 2020	9.52	107,690	1,025,208.80	4.5%	0.4315
13	16 December 2020	9.43	72,646	685,051.78	3.0%	0.2856
14	15 December 2020	9.44	401,384	3,789,064.96	16.8%	1.5814
15	14 December 2020	9.49	73,920	701,800.80	3.1%	0.2943
16	13 December 2020	9.50	120,009	1,140,085.50	5.0%	0.4788
17	10 December 2020	9.49	91,087	864,415.63	3.8%	0.3627
18	09 December 2020	9.53	155,971	1,486,403.63	6.6%	0.6263
19	08 December 2020	9.42	104,139	980,989.38	4.3%	0.4085
20	07 December 2020	9.50	204,581	1,943,519.50	8.6%	0.8163
<b>Total</b>			<b>2,400,626</b>	<b>22,618,981.62</b>	<b>100.0%</b>	<b>9.4227</b>

Thus, based on the above table, the Weighted Average Closing Price for the last 20 trading days before the issue of CMA's approval is SAR 9.4227.

II) Adoption of the Lower Value to be the Target Subscription Price:

Weighted Average Closing Price for the Last 20 Trading Days Before the Issue of CMA's Approval	SAR 9.4227
Net Asset Value per Unit as per the Last Audited Pro Forma Financial Statements Dated 30 September 2020	SAR 8.8201
<b>Adopting the Lower Value, the Target Subscription Price is</b>	<b>SAR 8.8201</b>



**Appendix (9) – Letter of the Legal Advisor Licensed to Practice in the Kingdom on the Professional Legal Due Diligence Report**

The Law Office of Mohammed AlAmmar  
in cooperation with King & Spalding LLP  
Kingdom Centre  
20<sup>th</sup> Floor  
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Saudi Arabia  
Tel: +966 11 466 9400  
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**THE LAW OFFICE OF MOHAMMED ALAMMAR  
IN COOPERATION WITH KING & SPALDING LLP**

Date: 10.02.1442H  
Corresponding to: 27/09/2020

M/S Capital Market Authority (CMA)

Dear Sirs,

**Subject: Legal Advisor's Letter – Alkhabeer REIT Fund**

In our capacity as Legal Advisor to M/S Alkhabeer Capital ("Fund Manager") in relation to the Fund Manager's application for offering the units of a real estate investment traded fund (REIT) and listing them on the Exchange under the name of "Alkhabeer REIT" ("Fund").

We refer to the Terms and Conditions prepared in respect of the Fund and the increase of the Fund's current total asset value from SAR 1,717,877,945 to SAR 2,674,387,590 ("Terms and Conditions"), and more specifically in connection with the application submitted to the Capital Market Authority ("CMA") for offering the units of a real estate investment traded fund (REIT) and listing them on the Exchange, and regarding the requirements of the Capital Market Law, the Real Estate Investment Funds Regulations and the Real Estate Investment Traded Funds Instructions, we particularly advised the Fund Manager of the requirements that should be included in the legal chapters of the Terms and Conditions, the satisfaction of the assets of all the regulatory requirements, and the soundness of the title deeds of the acquired underlying assets. In this respect, we have carried out further studies and enquiries that we consider appropriate under such circumstances. We have also carried out a formal professional legal due diligence which is necessary in this respect.

In this advisory capacity, we confirm that we are not aware of any material issue that constitutes a breach by the Fund Manager of its obligations to comply with the requirements of the Capital Market Law or the conditions required under the Real Estate Investment Funds Regulations and the Real Estate Investment Traded Funds Instructions in relation to the application for offering the units of a real estate investment traded fund (REIT) and listing them on the Exchange, including the requirements related to the contents of the Terms and Conditions as at the date of this Letter.

Yours Faithfully,  
[Signed and stamped]  
**THE LAW OFFICE OF MOHAMMED ALAMMAR**



## Appendix (10) – Professional Due Diligence Letter

M/S Capital Market Authority

Dear Sirs,

In our capacity as Fund Manager of Alkhabeer REIT Fund in respect of the offering of a real estate investment fund under the name of “Alkhabeer REIT Fund”, we, Alkhabeer Capital, confirm, to the best of our knowledge, after (conducting due diligence) and making enquiries as required in respect of the Fund, that the Fund has satisfied all the conditions required for the registration of the Fund units, and has satisfied all the other matters required by the Capital Market Authority (“CMA”) until the date of this Letter. Alkhabeer Capital further confirms that it has, to the best of its knowledge and within its authority as Fund Manager, provided to the CMA all the information and clarifications in such form and within such time limit as the CMA required for the purpose of verifying whether the Fund Manager and the Fund have complied with the Capital Market Law and the Real Estate Investment Funds Regulations.

In particular, (the Fund Manager) confirms that:

- It has provided all the relevant services required under the Real Estate Investment Funds Regulations with due care and expertise as required.
- It has taken reasonable steps to ensure that the directors of the Fund Board understand the nature and extent of their responsibilities under the Capital Market Law and its Implementing Regulations.
- It has come to a reasonable opinion, based on due enquiry and professional experience, that:
  - The Fund has satisfied all the requirements related to the Real Estate Investment Funds Regulations (including the provisions regarding the Terms and Conditions);
  - All the nominated directors of the Fund Board satisfy the eligibility requirements set out in CMA’s Rules and Regulations, and that the independent directors of the Board satisfy the definition of the “Independent Fund Board Director” as provided in the Glossary of Defined Terms used in the Regulations and Rules of the Capital Market Authority;
  - The real estate assets are free of any regulatory violations that prevent their utilization, or may result in their non-utilization, or that may in turn cause costly major repairs and changes.
  - All matters known to Alkhabeer Capital which should be taken into account by the CMA when considering the application for offering, have been disclosed to the CMA.

Yours Faithfully,  
[Signed]  
Chief Executive Officer  
Alkhabeer Capital



**Alkhabeer Capital**

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