

TERMS AND CONDITIONS

JADWA REIT AL HARAMAIN FUND

(a closed-ended Shariah-compliant real estate investment traded fund)



JADWA INVESTMENT COMPANY

Fund Manager

Maximum Targeted Initial Offering Size: SAR 660 million

Unit Price: SAR 10

Number of Units Offered: 66 million Units

03 April 2017G

(corresponding to 06 Rajab 1438H)

The Fund Manager accepts full responsibility for the accuracy of the information contained in these Terms and Conditions and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no other facts the exclusion of which would render any statement herein misleading. The Saudi Capital Market Authority and the Saudi Stock Exchange do not take any responsibility for the contents of these Terms and Conditions, do not make any representations or warranties regarding their accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance on, any part of these Terms and Conditions.

This is a translation of an Arabic document. The Arabic version is the official version. In the event of any inconsistency, the Arabic version shall prevail.

Ali Bin Abdullah Al-Saqih

Tariq bin Ziyad Al-Sudairy

Compliance Officer

Managing Director and CEO

IMPORTANT NOTICE

These Terms and Conditions contain detailed information relating to Jadwa REIT Al Haramain 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 for collection from the website of Jadwa Investment Company (the "Fund Manager") (www.jadwa.com) or the Saudi Arabian Stock Exchange ("Tadawul") (www.tadawul.com.sa). Prospective investors must read the entirety of these 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 Paragraph (G) of Part 4 of these Terms and Conditions. By acquiring units in the Fund, Unitholders are deemed to have acknowledged and accepted the Terms and Conditions.

These Terms and Conditions have been prepared by the Fund Manager, a Saudi Arabian closed joint stock company with Saudi Arabian commercial registration no. 1010228782, and an Authorized Person licensed by the CMA under license no. 06034-37, 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 19/06/1427H (corresponding to 15/07/2006G) (the "Real Estate Investment Funds Regulations") and the provisions of the Real Estate Investment Traded Funds Instructions issued by the CMA pursuant to its resolution number 6-130-2016 dated 23/1/1438H (corresponding to 24/10/2016G (the "REIT Instructions").

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 Tadawul in accordance with the Real Estate Investment Funds Regulations and the REIT Instructions issued by the Saudi Capital Markets Authority ("CMA").

The Fund Manager accepts full responsibility for the accuracy of the information contained in these Terms and Conditions, and affirms that according to the best of its knowledge and belief, and after making all possible reasonable enquiries, there are no other facts or omissions from these Terms and Conditions that 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 in these Terms and Conditions relevant to the real estate market and industry is derived from external sources. While the Fund Manager has no reason to believe that any of the market and industry information is materially inaccurate, the Fund Manager has not independently verified such information, and no representation or assurance is made with respect to the accuracy or completeness of any of this information.

The CMA does not bear any responsibility for the contents of these Terms and Conditions and does not opine or provide any warranties regarding the accuracy or completeness of these Terms and Conditions. Further, the CMA shall not be responsible for any financial loss resulting from 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. Moreover, information provided in these Terms and Conditions is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs of the persons who intend to invest in the offered Units. Prior to making an investment decision, each recipient of these Terms and Conditions is responsible for obtaining independent professional advice from a CMA licensed financial advisor in relation to the Initial Offering and must rely on its own examination of the Fund and the appropriateness of both the investment opportunity and the information herein with regard to the recipient'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 the 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.

Subscription for Units is only made available to: (a) natural persons of Saudi Arabian nationality; and (b) corporations, companies, investment funds and other legal entities established in Saudi Arabia. All recipients of these Terms and Conditions must inform themselves of any legal or regulatory restrictions relevant to this Initial Offering and the sale of the Units and to observe all such restrictions, including the Regulation of Ownership and Investment in Real Estate by Non-Saudis.

The information contained in these Terms and Conditions is current as of the date hereof but is subject to change. In particular, the value of the offered Units may be adversely affected by future developments, such as inflation, interest rates, taxation or other economic, political and any other factors, over which the Fund Manager has no control (for further details, please see Paragraph (G) of Part 4 of the Terms and Conditions).

Neither the delivery of these Terms and Conditions nor any verbal or written information in relation to the offered Units is intended to be, or should be construed as or relied upon in any way, as a promise, affirmation or representation as to future earnings, results or events.

Forecasts set forth in these Terms and Conditions have been prepared on the basis of assumptions 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 in these Terms and Conditions constitute, or may be deemed to constitute, "forward-looking statements". Such statements can generally be identified by their use of forward-looking words such as "plans", "estimates", "believes", "expects", "anticipates", "may", "will", "should", "expected", "would be" or the negative thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the current views of the Fund Manager with respect to future events but are not a guarantee of 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 statements. Some of the 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 see Paragraph (G) of Part 4 of the Terms and Conditions). 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, believed, estimated, planned or expected.

Fund Directory

Fund Manager

Jadwa Investment Company

Sky Towers
Fourth Floor
King Fahad Road
P.O. Box 60677
Riyadh 11555
Kingdom of Saudi Arabia
www.jadwa.com



جدوى للإستثمار
Jadwa Investment

Custodian

Al Bilad Investment Company

Smart Tower
First Floor
Intersection of King Fahad Road and Tahlia Road
P.O. Box 140
Kingdom of Saudi Arabia
www.albilad-capital.com

البلاد المالية
Albilad Capital



Administrator

Jadwa Investment Company

Sky Towers
Fourth Floor
King Fahad Road
P.O. Box 60677
Riyadh 11555
Kingdom of Saudi Arabia
www.jadwa.com



جدوى للإستثمار
Jadwa Investment

Sub-Administrator

Apex Fund Services (Dubai) Limited

Office 101, 1st Floor, Gate Village
Dubai International Financial Centre
P.O. Box 506534
Dubai, United Arab Emirates
www.apexfundservices.com



Auditor

Alluhaid Chartered Accountants (ACA)

187 Abu Bakr Al Siddiq Road,
Al Morsalat District,
Fourth Floor
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Riyadh 12462
Kingdom of Saudi Arabia



Alluhaid Chartered Accountants
الاحيد محاسبون قانونيون

Legal Counsel

The Law Office of Mohammad Al-Ammar

(in affiliation with King & Spalding LLP)
Kingdom Centre, 20th Floor King Fahad Road
P.O. Box 14702 Riyadh 11434
Kingdom of Saudi Arabia
www.kslaw.com

THE LAW OFFICE OF MOHAMMAD AL-AMMAR
In affiliation with King & Spalding LLP

محمد ابراهيم العمار للاستشارات القانونية
بالتعاون مع كينج اند سبولدينج

KING & SPALDING

TABLE OF CONTENTS

Fund Directory	4
PART 1 – EXECUTIVE SUMMARY	6
<i>Overview</i>	6
<i>Fund Manager</i>	6
<i>Investment Objectives and Strategy</i>	6
<i>Fund Summary</i>	7
PART 3 – TERMS AND CONDITIONS	16
a) Name and Type of Fund	16
b) Address of the Head Office of the Fund Manager.....	16
c) Fund Term	16
d) Fund Objectives.....	16
e) Fund’s Investment Objectives.....	16
f) Summary of Fund Strategies	17
g) Risks of Investing in the Fund	20
h) Subscription.....	28
i) Fees, Charges and Commissions	31
j) Valuing Fund Assets.....	34
k) Trading of Units	35
l) Termination of the Fund	35
m) Fund Board.....	36
n) Fund Manager	38
o) Custodian	40
p) Developer.....	40
q) Auditor	40
r) Financial Statements.....	40
s) Conflicts of Interest	40
t) Reporting to Unitholders	41
u) Other Information.....	43
v) Amendments to Terms & Conditions	47
w) Governing Law and Dispute Resolution.....	47
Schedule B - Summary Financial Disclosure	50
Schedule C - Shariah Guidelines	52
Schedule D – Proxy Form	53
Schedule E - Subscription Form	54
Schedule F - Acknowledgement Form	56

PART 1 – EXECUTIVE SUMMARY

This summary should be read as an introduction to these Terms and Conditions and is qualified in its entirety by the more detailed information included herein. Any decision to invest should be based on a consideration of these Terms and Conditions as a whole. Certain terms used herein but not defined, when mentioned in these Terms and Conditions shall have the meaning given in Schedule A.

Overview

Jadwa REIT Al Haramain Fund is a closed-ended Shariah-compliant real estate investment traded fund. The Fund operates in accordance with the Real Estate Investment Funds Regulations and the REIT Instructions issued by the CMA. Following the Closing Date, it is expected that the Fund shall be listed on the Tadawul and that Units of the Fund shall be traded on Tadawul in accordance with its rules and regulations. The term of the Fund is 99 years from the Listing Date, renewable in the discretion of the Fund Manager following CMA approval. The Fund will be established with a Maximum Targeted Initial Offering Size of SAR 660 million.

Fund Manager

The Fund is managed by Jadwa Investment Company. Jadwa Investment Company is a Saudi Arabian closed joint stock company licensed by the CMA as an “Authorized Person” under license number 06034-37 dated 03/03/2007G (corresponding to 13/02/1428H).

Jadwa Investment Company is a full service Shariah-compliant investment bank headquartered in Riyadh, Saudi Arabia, that offers asset management, advisory, corporate finance, brokerage and custody services to high net worth individuals, family offices and institutions. The investment team at Jadwa Investment Company comprises experienced professionals from the asset management and investment banking industry.

Investment Objectives and Strategy

The primary objective of the Fund is to provide its investors with current income by investing in income-generating real estate assets in Saudi Arabia, with a primary focus on the Holy Cities of Makkah and Medina.

The Fund shall aim to distribute to investors - twice a year - an annual cash dividend of no less than 90% of the Fund's net profits, not including profits resulting from the sale of the underlying real estate assets and other investments, which may be reinvested in adding new assets or maintaining, and/or renovating the Fund's assets.

While the Fund will primarily invest in developed real estate assets which are ready for use, it may also opportunistically invest in real estate development projects in a value not exceeding 25% of the Fund's total asset value with the aim of achieving an increase in value per unit; provided that (i) at least 75% of the Fund's total assets are invested in developed real estate assets which generate periodic income and (ii) the Fund shall not invest in White Land.

The Fund shall have all of its real estate assets in the Holy Cities of Makkah and Medina. The Fund will not invest outside of Saudi Arabia.

Fund Summary

Fund Name and Type	Jadwa REIT Al Haramain Fund, a closed-ended Shariah-compliant real estate investment traded fund established under the laws and regulations of Saudi Arabia and regulated by the CMA.
Fund Manager	Jadwa Investment Company, a Saudi Arabian closed joint stock company with commercial registration no. 1010228782, and an Authorized Person licensed by the CMA under license no. 06034-37.
Investment Objective	The primary investment objective of the Fund is to provide its investors with regular income by investing in income-generating real estate assets in Saudi Arabia, with a focus on the Holy Cities of Makkah and Medina.
Initial Offering Period	5 Business Days from April 3 rd to April 9 th 2017G
Maximum Targeted Initial Offering Size	SAR 660 million.
Minimum Targeted Initial Offering Size	SAR 260 million.
Initial Offering Price	SAR 10.
Minimum Investment in the Offering	SAR 10,000.
Maximum Investment in the Initial Offering	SAR 33,000,000
Eligible Investors	Subject to the Regulation of Ownership and Investment of Real Estate by Non-Saudi's, subscription for Units is only made available to: (i) natural persons of Saudi Arabian nationality; and (ii) corporations, companies, investment funds and other legal entities established in Saudi Arabia.
Fund Currency	Saudi Arabian Riyal (SAR).
Fund Term	The term of the Fund is 99 years from the Listing Date and can be renewed by the Fund Manager following the approval of the CMA.
Risk Level	Medium. For more information see the risk disclosure in Paragraph (G) of Part 4 of the Terms and Conditions.
Dividend Policy	The Fund Manager shall aim to distribute to investors - twice a year- an annual cash dividend of no less than 90% of the Fund's net profits, not including profits resulting from the sale of the underlying real estate assets and other investments, which may be reinvested in additional assets or maintaining, and/or renovating the Fund's assets.
Leverage	The Fund Manager may leverage the Fund by utilizing Shariah-compliant financing. Such leverage shall not exceed a ratio of 50% of the Fund's total asset value.
Shariah Compliance	The Fund will make its investments and conduct its affairs in a manner that is compliant with Shariah.
Valuation Determination and Frequency	The net asset value of the Fund shall be equal to the value of all the assets less the value of all the liabilities of the Fund as at the relevant Valuation Day. A valuation of the Fund's real estate assets shall be performed at least semi-annually (every six months) by two independent valuers licensed by Saudi Authority for Accredited Valuers.
Subscription Fee	A Subscription Fee up to 2% of the Subscription Amount shall be deducted upon receiving the Subscription Amount and paid to the Fund Manager.

Management Fee	The Fund shall pay the Fund Manager a management fee equal to 1% of the Fund's Net Asset Value.
Custody Fee	The Fund shall pay the Custodian a custody fee equal to 0.025% of the Fund's Net Asset Value.
Administrator Fee	The Fund shall pay the Administrator an annual fee of 0.02% of the Fund's Net Asset Value.
Equity Structuring Fee	The Fund shall pay the Fund Manager an equity structuring fee equal to 1.5% of the total Subscription Amounts raised during the Initial Offering or upon raising other Subscription Amounts whether in cash (through rights issue) or in-kind. The equity structuring fee shall be paid once after closing of any equity raising transaction.
Debt Structuring Fee	The Fund shall pay the Fund Manager a debt structuring fee equal to 1.5% of the amount drawn pursuant to any debt financing obtained by the Fund.
Auditor Fee	The Fund shall pay the Auditor an annual fee of SAR 35,000 which may vary from time to time..
Tadawul Registration Fee	<p>The Fund expects to pay the following Tadawul registration fee:</p> <ul style="list-style-type: none"> • SAR 50,000, plus SAR 2 per unitholder, subject to a maximum of SAR 500,000 shall be paid to Tadawul in return for setting up a register of Unitholders; and • SAR 400,000 shall be paid to Tadawul in return for managing the register of Unitholders. This fees can vary from time to time depending on the fund's capital size.
Tadawul Listing Fee	<p>The Fund expects to pay the following Tadawul listing fees:</p> <ul style="list-style-type: none"> • SAR 50,000 as initial listing fees; and • 0.03% of the market value of the Fund (subject to a minimum of SAR 50,000 and a maximum of SAR 300,000) annually.
Transaction Costs	The Fund will be responsible for all transaction costs, such as asset acquisition costs, brokerage fees and related diligence, financing, advisory and legal costs.
Fund Expenses	The Fund shall be liable for all costs and expenses attributable to the activities, investments and divestments of the Fund. Expenses related to third party services such as legal, advisory, accounting, asset valuation, auditing, consulting, custodial, administration, the CMA's regulatory and supervisory expenses, related shariah compliant insurance costs, and other professional services of the Fund in addition to income purifications shall also be borne by the Fund and such fees and expenses are expected not to exceed 0.50% of the Fund's Net Asset Value per annum.
Voting Rights	<p>Unitholders shall have the right to vote at Unitholder meetings. In addition, the approval of the Unitholders shall be required for a "fundamental change" to the Fund, which shall include:</p> <ul style="list-style-type: none"> - a change which significantly changes the purposes or nature of the Fund - a change that may have a material adverse effect on the Unitholders or their rights in relation to the Fund; - a change which alters the risk profile of the Fund ; and - an increase in the Capital of the Fund.

Restrictions on Transfers

Upon listing, Units shall be traded in the same way as shares listed on Tadawul. Unitholders may sell or purchase Units during the hours of daily trading via licensed financial brokers.

Risk Factors

There are certain risks related to an investment in the Fund. These risks are described in Paragraph (G) of the Terms and Conditions and must be considered carefully by a prospective investor prior to making an investment decision in relation to the offer Units.

Governing Law

The Fund shall be governed by the laws of Saudi Arabia and the regulations implemented by the CMA.

Expected Timeframe

Tasks	Expected Timeframe
Acquire the Initial Assets	
* Sign the Purchase Agreement	Within Sixty Days
* Transfer the title deeds	
* Sign the lease agreement	
Fund units start trading on Tadawul	Within Thirty Days
2017 Dividends Distribution	During 1st Quarter 2018
2018 Dividends Distribution: 1st Dividends	During 3rd Quarter 2018
2018 Dividends Distribution: 2nd Dividends	During 1st Quarter 2019

PART 2 – INITIAL ASSETS

Advisors

Legal Due Diligence

Abu Himed Alsheikh Alhagbani Law Firm (in association with Clifford Chance LLP) Building 15, The Business Gate, King Khaled International Airport Road, Cordoba District, Riyadh, Saudi Arabia
www.ashlawksa.com

**C L I F F O R D
C H A N C E**

Valuation

Colliers International
Al Faisaliah Tower
Level 02
P.O. Box 5678, Riyadh 11432
Kingdom of Saudi Arabia
www.colliers.com



ValuStrat
6th floor, South Tower, King Faisal Foundation, Faisaliah Complex, King Fahad Road, Riyadh, Kingdom of Saudi Arabia
www.valustrat.com



White Cubes
Riyadh, Kingdom of Saudi Arabia
www.white-cubes.com



Technical Due Diligence

Engineering Consultancy Center & Partners
Al Hamra Plaza, Palestine Rd.
P.O. Box 3127 Jeddah 21471
Kingdom of Saudi Arabia



Feasibility Study

Colliers International
Al Faisaliah Tower
Level 02
P.O. Box 5678, Riyadh 11432
Kingdom of Saudi Arabia
www.colliers.com

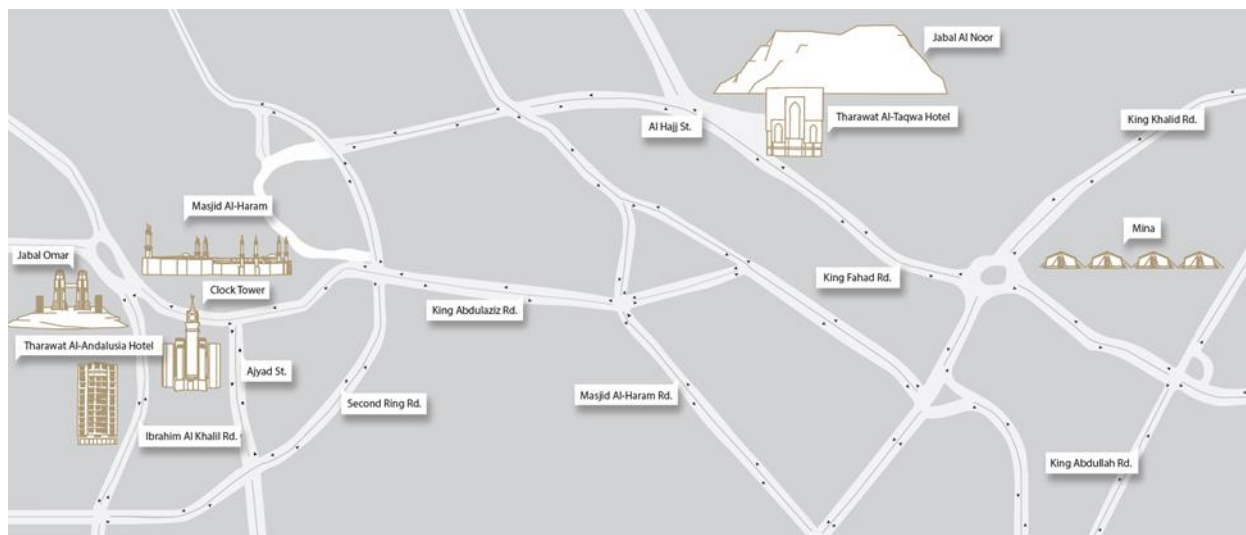


Description of Initial Assets

The Fund concluded two purchase agreements to acquire the assets shown below (the “**Initial Assets**”) in consideration of a purchase price amounting to SAR 629,000,000. It is expected that the acquisition of the Initial Assets will be completed within 60 days as of the Closing Date. The Fund concluded a long term Full Repair and Insurance (FRI) lease agreement with the existing operator to secure the Fund's cash flow. Under such arrangement, the lessee shall be responsible for maintenance and insurance costs.

The Initial Assets comprise two hospitality assets (a four-star hotel and a pilgrim accommodation) located in Mecca, offering approximately 984 keys providing services for Umarah and Haj Pilgrims.

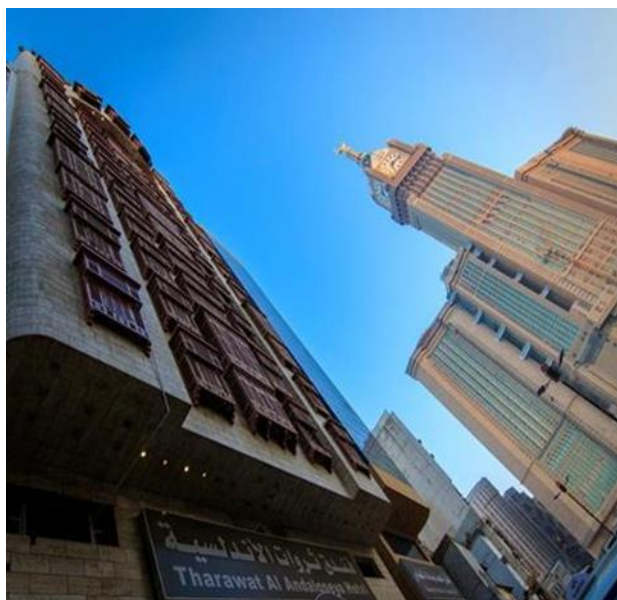
The four-star hotel is strategically located close to the Haram, while the pilgrim accommodation is located approximately 900 meters away from Mina.



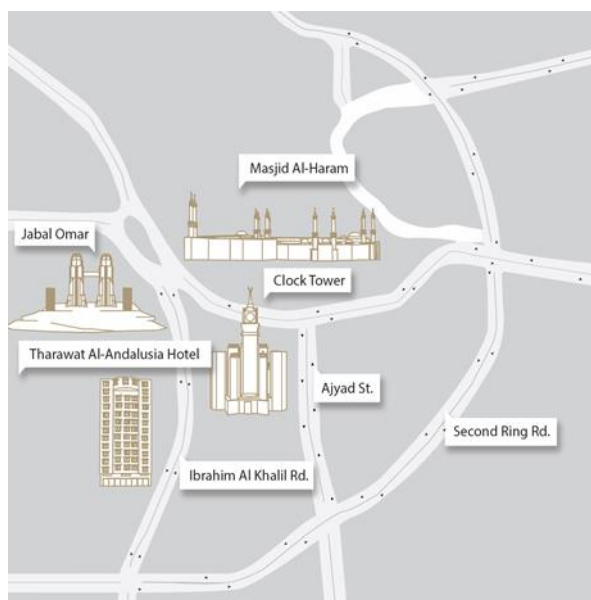
Below is a description of each property, including the following:

- Property prescription
- Key demand drivers
- Lease terms

Asset 1 – Tharawat Al Andalusia Hotel



The Property



Location Map

- **Property Description**

Key Highlights	Description
Location	Al Misfalah District - Makkah
Name of the Hotel	Tharawat Al-Andalusia Hotel
Plot Area	Approximately 641.97 sq m.
BUA/ Age	Approximately 7,573.09 sq m/ 13 years old
No. of Typical Floors	12
No. of Rooms	294
Use	4 Star Hotel
Gross Acquisition Price	SAR 379,000,000

- The property is currently utilized as a four-star hotel, under the brand of ‘**Tharawat Al Andalusia Hotel**’.
- The hotel offers 294 keys to accommodate Haram visitors throughout the year.
- The hotel consists of a basement, ground level, mezzanine floor, service level, 12 upper levels and roof.
- The hotel’s ground level is internally configured to accommodate 10 shops.

- **Key Demand Drivers**

- The property is located in Al Misfalah District, being situated approximately 0.5 km away from the Haram, benefitting from a direct view over Ibrahim Al-Khalil Road, which is a main street in Mecca providing direct connection to the Holy Haram and featuring a handful of retail and hospitality developments. The property is considered one of the most attractive submarkets for Hajj and Umrah, across all seasons.
- The site is located within proximity to major roads including Um Al Qura, Ajjad and the second ring road, thus allowing easy access from all parts of the city as well as providing the site with an easy and swift access to the Holy Haram as well as Mashaer Al Muqadassah.

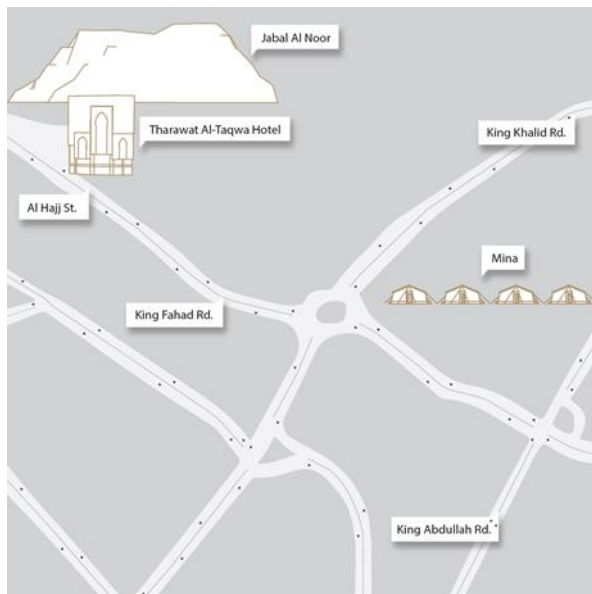
Lease Terms - Key Highlights

Term	Description
Lessee	Tharawat Al Mashaer Property Development and Investment Company
Lease Contract Commencement Date	On handover of the property
Term of Contract	15.5 hijri years
Lease Type	Full Repair and Insurance
Permitted Use	Commercial (hospitality and retail)
Total Rental Value - Lease Terms	SAR 403,750,000
First Annual Rent	SAR 24,500,000
Rent Payment Terms	Paid semi-annually, as per Hijri Calendar
Guarantees for the Lessee's Obligations	<ul style="list-style-type: none">• Promissory Note of SAR 73,500,000 valid for three Hijri years;• Pledge of Units in the Fund with a total value of SAR 40,000,000 for three Hijri years.
Termination of the Contract	<ul style="list-style-type: none">• The lessor has the right to terminate the contract in case of failure of receiving the rent from the lessee within 30 days from its due date, non-compliance by the lessee with any of the terms or conditions of the contract or in case the lessor is subject to liquidation or bankruptcy.• The lessee may not terminate the contract before lapse of three Hijri years as of the Term's Commencement Date after serving a written notice on the Lessor of its desire of termination 12 Hijri years prior to termination.• The lessee shall pay a cash amount of SAR eight million upon termination of the contract after lapse of three Hijri years or more as of the Term's Commencement Date

Asset 2 – Tharawat Al Taqwa Hotel



The Property



Location Map

- **Property Description**

Key Highlights	
Location	Al Shesha District - Makkah
Name of the Hotel	Tharawat Al Taqwa Hotel
Plot Area	Approximately 2,216.23 sq m.
Build up area / Age	Approximately 32,901.61 sq m / 3 years old
No. of Typical Floors	14
No. of Rooms	690
Use	Haj Accommodation
Gross Acquisition Costs	SAR 250,000,000

- The property is currently utilized for the provision of Haj and Umrah visitors, under the brand of Tharwat Al Taqwa Hotel.
- The property offers 690 rooms to accommodate Haram visitors during the Haj season and the month of Ramadan. The property has the capacity to accommodate approximately 3,506 pilgrims.
- The property is arranged over three basement levels, ground, mezzanine, service level, restaurant level, 14 upper levels and roof.

Key Demand Drivers

- The property is located in Al Shisha/ Al Rawda District, north of the intersection between the major Al Hajj Road and King Fahd Road, featuring a handful of retail and pilgrim accommodation development.
- The property is strategically situated within proximity to Mashaer Al Muqadassah (approximately 900 m), as such it is located within an attractive location for hospitality positioned as a pilgrim accommodation.
- The site is located within proximity to a number of major roads such as King Fahd Road and Faisal Road which allows the site to be easily accessible from all parts of the city as well as providing the site with an easy and swift accessibility to the Holy Haram and Mashaer Al Muqadassah.

Lease Terms – Key Highlights

Term	Description
Lessee	Tharawat Al Mashaer Property Development and Investment Company
Lease Contract Commencement Date	On handover of the property
Lease Term	15.5 Hijri years
Lease Type	Full Repair and Insurance
Permitted Use	Pilgrim Accommodation
Total Rental Value - lease term	SAR 271,500,000
First Annual Rent	SAR 16,500,000
Rent Payment Terms	Paid semi-annually, as per Hijri Calendar
Guarantees for the Lessee's Obligations	<ul style="list-style-type: none"> • Promissory Note of SAR 49,500,000 valid for eight Hijri years; • Pledge of Units in the Fund with a total value of SAR 40,000,000 for three Hijri years.
Termination of the Contract	<ul style="list-style-type: none"> • The lessor has the right to terminate the contract in case of failure of receiving the rent from the lessee within 30 days from its due date, non-compliance by the lessee with any of the terms or conditions of the contract or in case the lessor being subject to liquidation or bankruptcy. • The lessee may not terminate the contract before lapse of four Hijri years as of the Term's Commencement Date after serving a written notice on the Lessor of its desire of termination 12 Hijri years prior to termination. • The lessee shall pay a cash amount of SAR eight million upon termination of the contract after lapse of four Hijri years or more as of the Term's Commencement Date

PART 3 – TERMS AND CONDITIONS

This document sets out the terms and conditions of Jadwa REIT Al Haramain Fund , a closed-ended Shariah-compliant real estate investment traded fund. The Fund is managed by Jadwa Investment Company, an Authorized Person licensed by the CMA under license number 06034-37. 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, the Units of the Fund shall be listed on Tadawul. Units in the Fund are denominated in Saudi Arabian Riyals (SAR) and shall be traded on Tadawul.

a) Name and Type of Fund

The name of the Fund is “**Jadwa REIT Al Haramain Fund**”. The Fund is a closed-ended Shariah-compliant real estate investment traded fund established in the Kingdom under the Real Estate Investment Funds Regulations and the REIT Instructions.

b) Address of the Head Office of the Fund Manager

Address: Jadwa Investment Company
Sky Towers
Fourth Floor
King Fahad Road
P.O. Box 60677
Riyadh 11555
Kingdom of Saudi Arabia
Website: www.jadwa.com

c) Fund Term

The Fund term is 99 years from the date on which the Units are listed on the Tadawul (the “**Listing Date**”) and become available for trading (the “**Fund Term**”). The Fund Term is renewable in the discretion of the Fund Manager with the approval of the CMA.

d) Fund Objectives

The primary objective of the Fund is to provide its investors with current income by investing in income-generating real estate assets in Saudi Arabia, with a primary focus on the Holy Cities of Makkah and Medina.

e) Fund’s Investment Objectives

The Fund intends to invest directly in income-generating real estate assets primarily located in the Holy Cities of Makkah and Medina, Saudi Arabia. The Fund intends to fund the acquisition and operating costs through its Capital, Shariah-compliant financing as well as Retained Income from Fund investments.

The Fund shall have all of its real estate assets in the Holy Cities of Makkah and Medina. The Fund will not invest outside of Saudi Arabia.

The Fund shall aim to distribute to investors - twice a year- an annual cash dividend of no less than 90% of the Fund’s net profits, not including profits resulting from the sale of the underlying real estate assets and other investments, which may be reinvested in new assets and/or renovating the Fund’s assets.

While the Fund will primarily invest in developed real estate assets which are ready for use, it may also opportunistically invest in real estate development projects in a value not exceeding 25% of the Fund’s total asset value with the aim of achieving an increase in value per unit; provided that (i) at least 75% of the Fund’s total assets are invested in developed real estate assets which generate periodic income and (ii) the Fund shall not invest in White Land.

The Fund will generally seek to acquire or invest in hospitality, commercial, mixed-use, logistics, residential and retail related type income-generating real estate assets which are to be primarily located in the Holy Cities of Makkah and Medina, Saudi Arabia.

f) Summary of Fund Strategies

The main objective of the Fund is to provide investors with periodic cash distributions from its real estate investment. The Fund will seek to maximize shareholder value by (a) the reinvestment of Retained Income back into real estate assets after distributing not less than 90% of its annual profits, not including capital gains from selling real estate assets and other investments to Unitholders, (b) the potential capital appreciation from long term yields and (c) repositioning of the under-utilized properties when needed. The Fund also intends to increase the value and returns to investors by improving net operating income through the reduction of expenses of the growing asset base partly by taking advantage of increasing the Fund size in negotiating with cost sources to reach less prices, and accordingly, lower Fund expenses.

The Fund intends to adopt a distinctive selection criteria, which has been carefully studied and planned and takes into consideration the nature, demand, supply, geopolitical factors, and cyclicity of the various sub-classes of real estate sector. The Fund intends to invest in commercial, mixed-use, logistics, residential, hospitality, and retail properties leased to companies and/or individuals or operated directly.

1. Description of the Types of Assets the Fund will Invest In

The Fund Manager acknowledges that there are no regulatory violations against the property which prevents or may prevent utilization or operation of the property, and that the property is technically safe and has no major engineering defects which prevents or may prevent utilization or operation of the property, or may in turn result in costly reparations and changes.

1.1 General Description

The Fund Manager will buy and sell properties that fit within the Fund's investment strategies throughout the Fund Term. The Fund intends to acquire and maintain a diversification within its real estate properties by pursuing different strategies including the following, which will be the Fund's primary focus:

- Acquisition of high quality income-generating properties
- Acquisition and enhancements of underutilized income-generating properties

While the Fund will primarily invest in developed real estate assets which are ready for use, the Fund may opportunistically invest in real estate development projects in a value not exceeding 25% of the Fund's total asset value with the aim of achieving an increase in value per unit; provided that (a) at least 75% of the Fund's total assets are invested in developed real estate assets which generate periodic income and (b) the Fund shall not invest in White Land.

1.2 Initial Assets

The Fund's Initial Assets will consist of the assets which are described in detail in Part 2 (Initial Assets Description). The Fund may include additional properties in the future which meet the criteria below.

Property 1 – Tharawat Al Andalusia Hotel

- **Property Description**

Key Highlights	Description
Location	Al Misfalah District - Makkah
Name of the Hotel	Tharawat Al-Andalusia Hotel
Plot Area	Approximately 641.97 sq m.
BUA/ Age	Approximately 7,573.09 sq m/ 13 years old
No. of Typical Floors	12
No. of Rooms	294
Use	4 Star Hotel
Gross Acquisition Price	SAR 379,000,000

- The property is currently utilized as a four-star hotel, under the brand of "Tharawat Al Andalusia Hotel".
- The hotel offers 294 keys to accommodate Haram visitors throughout the year.
- The hotel consists of a basement, ground level, mezzanine floor, service level, 12 upper levels and roof.
- The hotel's ground level is internally configured to accommodate 10 shops.

- **Key Demand Drivers**

- The property is located in Al Misfalah District, being situated approximately 0.5 km away from the Haram, benefitting from a direct view over Ibrahim Al-Khalil Road, which is a main street in Mecca providing direct connection to the Holy Haram and featuring a handful of retail and hospitality developments. The property is considered one of the most attractive submarkets for Hajj and Umrah, across all seasons.
- The site is located within proximity to major roads including Um Al Qura, Ajyyad and the second ring road, thus allowing easy access from all parts of the city as well as providing the site with an easy and swift access to the Holy Haram as well as Mashaer Al Muqadassah.

Property 2 – Tharawat Al Taqwa Hotel

- **Property Description**

Key Highlights	
Location	Al Shesha District - Makkah
Name of the Hotel	Tharawat Al Taqwa Hotel
Plot Area	Approximately 2,216.23 sq m.
Build up area / Age	Approximately 32,901.61 sq m / 3 years old
No. of Typical Floors	14
No. of Rooms	690
Use	Haj Accommodation
Gross Acquisition Costs	SAR 250,000,000

- The property is currently utilized for the provision of Haj and Umrah visitors, under the brand of Tharwat Al Taqwa Hotel.
- The property offers 690 rooms to accommodate Haram visitors during the Haj season and the month of Ramadan. The property has the capacity to accommodate approximately 3,506 pilgrims.
- The property is arranged over three basement levels, ground, mezzanine, service level, restaurant level, 14 upper levels and roof.

- **Key Demand Drivers**

- The property is located in Al Shisha/ Al Rawda District, north of the intersection between the major Al Hajj Road and King Fahd Road, featuring a handful of retail and pilgrim accommodation development.
- The property is strategically situated within proximity to Mashaer Al Muqadassah (approximately 900 m), as such it is located within an attractive location for hospitality positioned as a pilgrim accommodation.
- The site is located within proximity to a number of major roads such as King Fahd Road and Faisal Road which allows the site to be easily accessible from all parts of the city as well as providing the site with an easy and swift accessibility to the Holy Haram and Mashaer Al Muqadassah.

2. Investment Concentration Policies

The Fund will mainly target locations within the Holy Cities of Makkah and Medina, Saudi Arabia that are expected to provide attractive return and value appreciation. These areas encompass positive demographic characteristics, strong growth in business activities, positive inflow of investment, favorable supply/demand dynamic and newly added infrastructure.

The Fund shall have all of its real estate assets in the Holy Cities of Makkah and Medina. The Fund will not invest outside of Saudi Arabia. Further, the Fund may invest up to 25% of its total asset value in real estate development (including renovation and redevelopment); provided that the Fund does not invest in White Land.

The Fund may also invest up to 25% of its total asset value in SAR Murabaha placements with local Saudi banks or in Shariah compliant real estate equity shares listed on Tadawul or other Shariah compliant real estate investment

traded funds listed on Tadawul.

Subject to the restrictions on investments in development projects, there are no concentration or diversification requirements limiting the size of an investment or its proportional percentage of the Capital of the Fund.

TYPE OF INVESTMENT	ASSET ALLOCATION
Real Estate Investments in the Holy Cities	No less than 100% of Fund's Real Estate Assets Value
Real estate developments	up to 25% of Fund's Gross Asset Value
- SAR Murabaha placements - Listed real estate equity shares - Other real estate investment traded funds	up to 25% of Fund's Gross Asset Value
Investments outside Saudi Arabia	0% - The Fund will not invest outside of the Kingdom of Saudi Arabia
White Land	0% - The Fund will not invest in White Lands.

3. Borrowing Rights

The Fund Manager may leverage the Fund by utilizing Shariah-compliant financing. Such leverage shall not exceed a ratio of 50% of the Fund's total asset value. The amount of leverage incurred will depend upon (a) the specific facts in connection with a particular financing and (b) prevailing market conditions. The terms of any financing will be on a non-recourse basis to the Fund's Unitholders.

Following the Fund's listing on the Saudi Stock Exchange (Tadawul), the Fund Manager shall enter into negotiations with various banks to obtain credit facilities to provide cash required to complete future acquisitions of real estate assets.

4. Methods and Ways to Invest the Liquidity Available in the Fund

The Fund may make interim investments of available cash in Murabahas prior to distribution to investors or prior to investment in an asset, as applicable. Murabahas may be made with any bank regulated by the Saudi Arabian Monetary Authority, or with public funds managed by the Fund Manager or any other regulated manager.

5. Dividends Policy and Distributions

The Fund Manager is aiming to distribute to investors - twice a year - an annual cash dividend of no less than 90% of the Fund's net annual profits, not including profits resulting from the sale of the underlying real estate assets and other investments, which may be reinvested in additional assets.

The Fund is expected to declare dividends, dividends record date and dividends ex-date within 40 Business Days from the Valuation Day.

The Fund Manager expects to distribute dividends twice a year, except in the year ended 31 December 2017 in which the Fund is expected to distribute dividends only once.

6. Active Management

The Fund will rely on Jadwa Investment Company's investment team and external advisors and consultants to regularly assess the most attractive sectors in the real estate market. The assets of the Fund will be managed by an experienced team of professionals specialized in real estate investments. The team will continuously examine

the real estate cycles, market fundamentals and sector characteristics to capitalize on real estate market opportunities and sustain the Fund's long-term goals. Further, the Fund Manager intends to appoint experienced property managers to manage each of the Fund's investments and such property managers may also lease properties owned by the Fund.

7. Investment Decision Making Process

In pursuing possible new opportunities in the local real estate market, the Fund Manager will adopt an investment process to identify opportunities and efficiently execute transactions in accordance with a detailed internal policy developed by the Fund Manager's investment team.

The Fund Manager will deploy, among other real estate investment selection approaches, a bottom up approach when deciding on buying or selling an asset. The Fund Manager will study the location attractiveness, competitive advantages, secondary market liquidity, vacancy ratios, expected macro trends, synergies with the current asset and other factors to reach a decision on each asset. The Fund Manager shall also evaluate the value added to the Fund upon acquiring any additional assets.

As part of its investment decision making process, the Fund Manager may rely on third party advisors, if needed.

8. Exit Strategy and Disposal of Investments

The Fund's primary objective is to provide its investors with current income which requires holding the attractive assets for a certain period of time. The Fund Manager will continually monitor the market for an exit opportunity to one or more of its investments. Rationale for exit includes but not limited to: (a) rebalancing fund's assets to include new attractive assets, (b) change in the fundamentals of the asset or (c) negative view on the real estate market and its sub-sectors that may affect the Fund assets.

The Fund generally intends to hold Investments on a long-term basis. However, the Fund Manager will regularly value every asset within the Fund and recommend a strategy for each property, including disposition decisions in the short to medium term if such is deemed to be in the best interest of the Fund and Unitholders.

The Fund Manager will obtain two independent valuations of any asset proposed to be sold or disposed of by the Fund. The purchase price for any sale or disposal shall not be for a price less than the lower of the two independent valuations.

9. Ownership Structure

The Fund has appointed the Custodian to take custody of the Fund's assets. The Fund's assets will be registered in the name of one or more SPV(s) established by the Custodian in order to segregate the Fund's assets from the assets of the Custodian.

The Fund may obtain leverage from one or more financial institutions, and in such case, the assets of the Fund may be pledged to or held by the financing institutions in connection with the terms of any financing documentation.

10. Compliance with Laws

The Fund and its investments shall at all times comply with the regulations governing the ownership of real property in the Kingdom, including the Regulation of Ownership and Investment in Real Estate by Non-Saudis.

g) Risks of Investing in the Fund

Investment in the Fund involves multiple risks and is suitable only for investors who fully understand and are capable of bearing the risks of such an investment. Prospective investors should carefully evaluate the considerations set out below, among others, in making their decision. Additional risks and uncertainties not presently known to the Fund Manager, or that it currently deems immaterial, may also have an adverse impact on the Fund's prospects and business. There can be no assurance that the Fund will be able to achieve its investment objective or that investors will receive a return of their capital.

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. Each investor bears full responsibility for any financial loss resulting from an investment in the Fund unless such loss is due to the fraud, gross negligence or

misconduct of the Fund Manager as per the Real Estate Investment Funds Regulations.

1. Risk Factors Related to the Fund

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 herein. 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. 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 from the illustrative statistics set out in these Terms and Conditions.

Limited Operating History Risk: The Fund has no operating history based on which potential investors may evaluate its performance or any track record of success. Although the Fund Manager has experience managing real estate funds, the Fund Manager has limited experience in managing real estate investment traded funds as its legislations has been only recently drafted in the Kingdom, and the nature of and the risks associated with the Fund's future investments may differ substantially from those 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 the product shall be deemed a risk as it is difficult to predict the extent of the change in the value of Units or the proceeds that are supposed to be distributed.

Qualification Risk: The Fund may cease to qualify as a real estate investment traded fund under the REIT Instructions, which would have adverse consequences for the trading liquidity of their Units which may adversely affect the value of investment. The requirements for maintaining the status of a real estate investment traded fund are untested. Furthermore, there may be changes subsequently introduced (including a change in interpretation) to the requirements for maintaining the status of a real estate investment traded fund. Prospective investors should note that there is no guarantee that the Fund will, following its election to become a real estate investment traded fund, become a real estate investment traded fund or continue to maintain such status (whether by reason of failure to satisfy regulatory requirements or otherwise). If the Fund fails to meet any of the regulatory requirements to maintain its status, the CMA may suspend the trading of Units or cancel the Fund's listing. The inability to maintain its listing on Tadawul could adversely impact the marketability and liquidity of the Units and their value.

Market Liquidity Risk: The Fund intends to apply for admission of the Units to trading on 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. If a liquid trading market is not developed or maintained, the liquidity and trading price 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 holders of Units 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. Additionally, although the Units will be traded, the market liquidity of Units in real estate investment traded funds may be less than that of shares issued by companies.

Changes in Price and Volatility Risks: General movement in local and international capital markets and real estate markets, prevailing and anticipated economic conditions and profit rates, financing costs, investor sentiment and general economic conditions may all affect negatively the market price of the Units. The market for the Units may fluctuate and a lack of liquidity can have an adverse effect on the market value for the Units. Accordingly, the purchase of such Units is only suitable for investors who can bear the risks associated with such investments.

Risk of Changes in Interest Rates and General Economic Conditions: Changes in economic conditions, including interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws can affect substantially and adversely the business and prospects of the Fund. In particular, interest rates increases may cause investors to demand higher returns to compensate for increases in the cost of money and the opportunity cost. The comparative attractiveness of the Units as an investment may be impacted as a result and demand decreases which may negatively affect the market price of Units. The Fund may employ leverage, and interest rates increases in debt markets may impact the Fund's financing terms. Changes in interest rates may also impact capitalization rates which in turn may impact valuations in the real estate sector generally.

Trading at a Price Lower than Initial Offering Price Risks: The Units may trade at a price lower than the Initial Offering Price upon subscription, and Unitholders may not retrieve the full value of their investment. The Units may trade at a discount to the offered price for a variety of reasons, including adverse market conditions, a deterioration in investors' perceptions of the merits of the Fund's investment strategy and investment policy, an excess of supply over demand in the Units.

Distributions Fluctuation Risks: Although the Fund is required under the REIT Instructions to distribute at least ninety percent (90%) of its net income to the Unitholders, there are no guarantees regarding the amounts of the future distributions that the Fund will make to the Unitholders, as the Fund may be unable to make any distribution due to unforeseeable events resulting in an increase in costs (including capital expenditures in the case of large scale urgent renovation works) or a decrease in revenues (such as in the case of uncollected rental income). 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 by its lenders, pursuant to restrictive loan covenants or otherwise, 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 apply those cash flows to pay down principal amounts outstanding under the financing arrangements. An interruption or decrease in the amount of distributions to the Unitholders, may cause the value and trading price of the Units on Tadawul to fall.

Risk of increase in management fees as percentage of fund income: The Fund pays 1% of its Net Asset Value as Management Fees while the fund's rental income is fixed for a long periods of time. The Net Asset Value is expected to change from time to time, and may therefore result in a decrease or increase in Management Fees paid to the Fund Manager. In the event of an increase, Management Fees will increase as a percentage of annual fixed income, which may adversely affect the periodic returns of the Fund's Units.

Substantial Sale of Unit Risks: Subsequent sales by the Unitholders of a substantial number of Units may significantly reduce the Unit's market price. Any sales of substantial amounts of Units in the public market, or the perception that such sales might occur, could materially and adversely affect the value and trading price of the Units.

Reflection of Underlying Value Risks: The market price of the Units may not reflect the value of the underlying investments of the Fund. Stock exchanges experience extreme price and volume volatility from time to time, and this, in addition to general economic, political and other conditions, may materially adversely affect the market price for the Units. As the Fund is publicly traded, the price at which the Units may be quoted will be influenced by a large number of factors many of which are outside the Fund's control, some specific to the Fund and its operations and some which affect investment property as a whole, or equity markets generally.

Frequency of NAV calculations: The value of the Fund's assets shall be determined at least once every six months, however, the value of the underlying investments of the Fund may change in the period between valuations. Accordingly, the market price of the Units may be based on historical information and may not reflect the current value of the underlying Investments of the Fund. Further, all fees and expenses are not adjusted until the next valuation. As such, the Unitholder shall not be aware of the Fund's updated asset value during such period, and may dispose of the Fund's Units in a way that may negatively affect its proceeds and investment values.

Limitations on Raising Funds for Additional Acquisitions: Distribution requirements and leverage restrictions under the REIT Instructions, and regulatory restrictions on the raising of new equity, may limit the Fund's ability and flexibility to make additional acquisitions. The Fund intends to distribute to Unitholders at least 90% of its net profits, which reduces the Fund's available cash. Furthermore, in order to maintain its status as a real estate investment traded fund, the Fund's leverage must not exceed 50% of the total asset value of the Fund. As a result, the Fund has limited ability to make improvements to its property or pursue growth through acquisition of additional properties. If the Fund intends to increase its Capital, it may need to conduct a rights issue in accordance with the CMA's regulations and the Saudi Arabian Companies Regulations. The capital increase process for a real estate investment traded fund is untested to date and may provide to be a time-consuming process which may negatively affect the market price of Units.

Adherence to Shariah Restrictions: The Fund's investments must be made in accordance with Shariah principles determined in accordance with the Shariah Guidelines. These principles apply both to the structure of the Investments and, to a certain extent, to the activities of the Fund and the diversification of 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 relevant Shariah principles. Additionally, in complying with Shariah principles, the Fund may lose investment opportunities if a proposed investment is ultimately determined by Shariah Board not to adhere to Shariah principles 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 results that might be obtained in the absence of the Fund's Shariah investment principles.

Risk in 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 real estate and the relevant real estate sub-sector, which may be affected by regional and local economic and political conditions, increased competition thereby a decline in the value of real estate, potential limited availability of mortgage funding or an increase in mortgage rates, and fluctuations of supply and demand. Incorrect forecasts used by the Fund Manager to make investment decisions may have an adverse impact on the Fund's performance.

Non-Participation in Management: Except as mentioned in these Terms and Conditions, investors will have no right or power to participate in the management of the Fund or to influence any of the Fund's investment decisions. All management responsibilities will be entrusted to the Fund Manager.

Dependence on Key Personnel: 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 its 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 non-existence of a successful management team for the Fund may negatively affect the ability to develop the Fund's properties and assets and the ability to negotiate for the best interest of the Fund which may affect the Fund's proceeds and the value of its Units.

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 real estate and other business activities. The Fund may from time to time deal with persons, firms, institutions, or companies that are associated with the Fund Manager's affiliates for the sourcing of investment opportunities. Parties to whom the Fund Board has delegated responsibilities (including the Fund Manager) are not required to devote all of their resources to the Fund. To the extent that a delegate devotes resources to its responsibilities to other business interests, its ability to devote resources and attention to the Fund's affairs will be limited. This could adversely affect the Fund's ability to achieve its investment objective, including growth in proceeds and the ability to achieve better market value for Units.

2. Risk Factors Related to the Fund's Assets

Acquisition of Initial Assets Risks: The Fund expects to complete acquisition of the Initial Assets within 60 days from the Closing Date. Although the Purchase Agreement is binding, if either party to the Purchase Agreements fails to perform under the Purchase Agreements, the acquisition may not occur within 60 days from the Closing Date or at all. In such case, the Fund would need to identify and complete acquisitions of other assets before it could start producing dividends to Unitholders. While the Fund Manager expects the Fund would still provide the target returns to investors over the long term, expected regular proceeds for investors may be reduced due to lack of income generating assets.

Availability of Appropriate Investments: Some, but not all, of the investments of the Fund have been selected by the Fund Manager as of the date hereof, and investors in the Fund 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 Initial Assets that meet the Fund's investment objectives, particularly in the current market environment. The business of identifying and structuring investments suitable for the Fund is highly competitive 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.

Initial Assets Counterparty Default and Credit Risks: The Initial Assets will have only one lessee. The Fund will have material exposure to the credit risk of the lessee. If the lessee defaults on one or both of the leases for the properties that comprise the Initial Assets, the Fund Manager may be unable to re-let the properties immediately or may be unable to achieve satisfactory lease returns, which would reduce the rental income from the properties. Further, the Fund may have to significantly renovate the properties to attract future tenants on the best possible terms which may temporarily affect the proceeds distributed to the Unitholders.

Default and Credit Risks of Other Counterparties: The Fund will be exposed to the credit risk of parties with whom it conducts business and may also bear risk of settlement default. The Fund will, in certain circumstances, be fully subject to the default of a counterparty, including the landowners, lending banks, property managers and/or contractors. Default by a counterparty by failing to pay any contractual dues to the Fund could reduce the income of the Fund and ultimately affect the returns to Unitholders.

Unspecified Use of Proceeds: Except for the Initial Assets, the Investments of the Fund which are intended to be made after the Listing Date have not been selected by the Fund Manager as of the date of these Terms and Conditions' completion and investors in the Fund will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding Investments.

Fluctuations in the Value of Real Estate and other General Real Estate Risks: The Investments will be subject to the risks inherent in the ownership, leasing, operation, development and/or re-development of real estate. These risks include but are not limited to, those associated with general and local economic climate, local real estate conditions, changes in supply of or demand for competing properties in an area, functional obsolescence and desirability of the real estate, energy and supply shortages, various uninsured or uninsurable risks, natural disasters, government regulations (such as rent control), changes in real property taxes, changes in return rates and the availability of mortgage funding which may render the sale or refinancing of properties difficult or impracticable, environmental liabilities, contingent liabilities on disposition of assets and war and other factors which are beyond the control of the Fund Manager.

Real estate historically has experienced significant fluctuations and cycles in value. There is a risk that the Fund may buy Investments at the peak of the market and any subsequent deterioration in the market could result in a decline in the market value of the Fund's Investments.

There is no assurance that there will be a ready market for the resale of the Investments because the Investments will generally not be liquid.

In addition, adverse changes in the operation of any property, or the financial condition of any tenant, could have an adverse effect on the rent payments ultimately received by the Fund and, accordingly, on the Fund's ability to make distributions to investors. A tenant may experience, from time to time, a downturn in its business which may weaken its financial condition and result in its failure to make rental payments when due. At any time, a tenant may seek the protection of applicable bankruptcy or insolvency laws, which could result in the rejection and termination of such tenant's lease or other adverse consequences and thereby cause a reduction in the distributable cash flow of the Fund. No assurance can be given that tenants will not file for bankruptcy protection in the future or, if they do, that their leases will continue in effect.

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

Concentration by Geographical Location: The Fund intends to primarily invest in assets which are concentrated in the Holy Cities of Makkah and Medina. Generally, if a fund concentrates its investments in limited geographical locations, it will be heavily exposed to the risk of economic downturns to a greater extent than if the Fund's assets was diversified across more other geographical locations. As a result, such downturns could have a material adverse effect on the Fund's financial condition, results of operations, cash flow, and ability to make distributions to the investors.

Properties Expropriation Risk: Government authorities can expropriate real properties if necessary for the public benefit (for example, the construction of highways). 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 current 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 investments made and the loss of profit/increase in the investment. If the above risk materializes, yield distributions to the Unitholders may diminish, the value and trading price of the Units on Tadawul may fall and the Unitholders may lose all or part of the capital invested by them.

Commercial Real Estate Market Risks: The Fund may acquire only commercial real estate assets, and if the Fund was dependent on the income streams derived from them, the Fund may become exposed to any downturn in such markets. The commercial real estate market is cyclical in nature and is affected by the condition of the economy as a whole. Deteriorating economic conditions adversely affect the value and liquidity of commercial real estate assets. In addition, negative economic conditions have also had, and may continue to have, a material adverse effect on the level, and effective collection, of rental revenues and the ability of tenants to make payments which may ultimately flow to the Fund. Declines in the performance of the commercial real estate markets could have a negative impact on rental levels and revenues and vacancy rates, and could as a result have a material adverse effect on the Fund's business and financial condition.

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 economic, political, security, regional and local factors, including increase in competition posed by other residential properties. The Fund's ability to earn net rental income as well as up-keeping 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 tenants better than the Fund, then the net rental income from the Fund may diminish in the future as a result of low demand by tenants. The decrease in the net rental income may reduce the yield distributions to the Unitholders and may cause the value and trading price of the Units on Tadawul to fall.

Risks of Dependence on Rental Income: The Fund may acquire Investments based on values derived from the income to be received from the tenants of the Investments. 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 tenant experiences a downturn in its business or other type of financial distress, then it may be unable to make timely rental payments or renew its lease. Certain tenants may occupy significant portions of the relevant Investments and, accordingly, for so long as the Fund's Investments are concentrated in those assets its financial condition, results of operations, cash flow, and its ability to make distributions to the investors could be materially affected by any adverse conditions impacting those key tenants.

Underlying Asset Liquidity Risks: As an asset class, real estate assets are relatively illiquid and, as such, it may be difficult or impossible for the Fund to realize a property for a particular price at any particular time. The Fund's assets consists of real estate assets. It may be difficult for the Fund to sell its real estate assets (particularly at times of market downturn and specifically those assets that are categorized as larger real estate assets), and the price achieved on any such realization may be at a significant discount, especially if the Fund is forced to dispose of any of its assets in a short period of time. This may reduce the value of the Units and adversely impact the performance of the Fund.

Development Risks: The development of real estate projects in Saudi Arabia presents several specific risks. The risks in building and successfully marketing a new development include, but are not limited to: (i) delays in timely completion of works; (ii) cost overruns; (iii) inability to generate lease agreements to forecast levels; and (iv) 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 lack of building material in the market) which would hinder the completion of the development projects. New project commencement also carries other risks such as the receipt of zoning, occupancy and other required governmental approvals and permits and 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 dividends and the net asset value of the Fund.

Leverage Risk: The assets of the Fund may be leveraged, which may adversely affect the income earned by the Fund or may result in a loss of principal and accordingly, the market value of Units. Increases and decreases in the value of the Fund's assets will be magnified when the Fund uses leverage. For example, leverage may cause greater swings in the Fund's Net Asset Value or cause the Fund to lose more than it has invested. The use of leverage creates an opportunity for increased returns, but at the same time involves a higher degree of risk and may increase the exposure of the Fund and its investments to factors such as rising costs of leverage and downturns in the economy. Moreover, the assets of the Fund may be pledged to a lender for the sole benefit of the Fund and such lender may claim the assets upon an event of default (as specified in the financing documents) by the SPV, the Fund Manager or the Fund.

Actions by Competitors Risk: 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 commercial and/or residential 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 favourable pricing or on favourable 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 underlying properties being vacant. As such, the projected income and /or returns to Unitholders may be adversely effected.

Risks of Certain Dispositions: In connection with the disposition of Investments, the Fund may be required to make representations 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 representations are inaccurate. These arrangements may result in contingent liabilities, which might reduce the returns to Unitholders or ultimately have to be funded by the Fund. In addition, the

governing documents of the Fund provide 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, damages and expenses arising out of their activities on behalf of the Fund. Such indemnification obligations could materially impact the returns to investors.

Potential Inability to Complete Divestitures on Advantageous Terms Risk: 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 favourable terms or on the timing the Fund Manager would otherwise dispose of the assets, then its financial condition, results of operations, cash flow and ability to make distributions to the investors could be adversely affected.

Risk of Inability of Tenants to Meet Lease Obligations: The Fund's results would be adversely affected if a significant number of the Fund's tenants were unable to meet their lease obligations. If a tenant seeks the protection of 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 flow and ability to make distributions to the investors would be adversely affected.

Risk of Possible Inability to Renew Leases or Re-let Space as Leases Expire: The Fund will derive most of its income from rent received from the tenants of the properties. Accordingly, the Fund's financial condition, results of operations, cash flow and its ability to make distributions to the investors could be adversely affected if it is unable to promptly re-let or renew expiring leases, or if the rental rates upon renewal or re-letting are significantly lower than expected. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favorable to the Fund than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting the Fund's investment may be incurred. Further, the Fund's ability to rent space and the rents that it can charge are impacted, not only by tenant demand, but by the number of other properties it has to compete with to appeal to tenants.

Enforceability of FRI Leases: The properties within the Initial Assets have been leased under lease agreements broadly equivalent to what is known as an "FRI" (full repair and insurance) lease whereby the lessee generally assumes all of the maintenance costs, as well as the services and insurance and the obligation to pay taxes and fees directly attributable to the relevant property. Although the contracts have been approved by the Fund's Shariah Board, that does not provide a guarantee that the competent courts in the Kingdom will hold that the provisions of the leases and other related contracts are compliant with Shariah, and are therefore enforceable in the Kingdom as drafted, particularly the provisions transferring to the lessee the liability to carry out construction repairs and the obligation to pay taxes and fees in relation to the Initial Assets. In case the competent courts deem that this arrangement is not Shariah compliant, then the expenses payable by the Fund may increase significantly, and that may have a substantial negative impact on the business of the Fund and its financial position and may reduce the yield distributions to the Unitholders and cause the value of the Units to fall.

Hospitality Market Risk: The performance of the Fund will be heavily influenced by factors which affect the hospitality market generally. These may include demand-side factors such as any economic downturn, any outbreak of disease, epidemics, quarantine restrictions, public health restrictions, any government regulation including the imposition of fees and/or taxes, disruption to local, national or international transport services, restriction or prohibition or any other similar case, or supply-side factors such as an oversupply of hotels, either generally or in a particular segment such as hotels in a particular location of Makkah or Medina or in a particular class. The hospitality industry is cyclical. Macroeconomic and other factors may have a negative impact on the business and personal discretionary spending, leading to low occupancy levels and room rates and affecting the overall value of the real estate property. Consequently, the Fund may need to exit the acquired assets below the acquisition cost, thereby resulting in a capital loss and may be unable to achieve the expected returns.

Seasonality and Other Risks of the Hospitality Industry in the Holy Cities: The seasonality of the hospitality industry in the Holy Cities could have a material adverse effect on the Initial Assets and any properties acquired in the future that are engaged in the hospitality history. The hospitality industry is seasonal in nature, with the highest levels of occupancies generally achieved during Hajj and Umra. This seasonality can be expected to cause periodic fluctuations in room revenues, occupancy levels, room rates and operating expenses. The Fund can provide no assurances that cash flows will be sufficient to offset any shortfalls that occur as a result of these fluctuations. Consequently, volatility in financial performance resulting from the seasonality of the hospitality industry could have a material adverse effect on the Fund's financial condition, cash flows and results of operation and, accordingly, cash dividends and the value of Units. Further, while the Kingdom and the Saudi Commission for Tourism & National Heritage are currently encouraging tourism, a negative change in the issuance of business,

Umra and Hajj visas could affect the tourism market in the Kingdom including the investments of the Fund.

Risk of Uninsured Losses: The Fund will carry commercial liability, property and other types of insurance covering all the property that it owns and manages in types and amounts that it believes are adequate and appropriate given the relative risks applicable to the property, the cost of coverage and industry practice. Certain losses, such as those due to windstorms, floods or seismic activity, may be insured subject to certain limitations, including large deductibles or co-payments and policy limits in addition to delay in collecting the claims. The Fund may incur material losses in excess of insurance proceeds and may not be able to continue to obtain insurance 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 could lose the capital invested in the damaged properties, as well as the anticipated future revenue from those properties. Any such losses could adversely affect its financial condition, results of operations, cash flow and ability to make distributions to the investors.

Accuracy of Property Valuations: In addition to the valuations carried out by two independent valuers licensed by Saudi Authority for Accredited Valuers, the Fund Manager may use internal valuations in several contexts in relation to the Fund. The valuations performed by the Fund Manager will only be an estimate of the worthiness of a property and are not a precise measure of the value that may be obtained in connection with a sale of that property which is based on negotiations between a buyer and seller. Ultimate realization of property value depends to a great extent on economic and other conditions beyond the control of the Fund and the Fund Manager. If the Fund were to liquidate its assets, the realized value may be more than 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 against which to measure value, the difference between the concluded value for a real estate asset and the ultimate value for that asset may increase. Further, relative uncertainty as to cash flows in a distressed market can adversely affect the reliability of property value estimates and the negotiations between a buyer and seller and hence final returns to Unitholders.

Risk of investing in Murabaha, listed equity and other real estate funds: The Fund may invest in SAR Murabaha placements with local Saudi banks or in Shariah compliant real estate equity shares listed on Tadawul or other Shariah compliant real estate investment traded funds listed on Tadawul. The value of these types of investments may fall as they are not deposits in a bank. In addition, there is counterparty risk associated with Murabaha transactions arising from trading activities involving dealings in illiquid financial instruments, whose clearance and payments do not fall under a regulated clearing house or stock exchange which may negatively affect cash distributions and the market value of Units.

Impact of Government Policies on the Saudi Real Estate Market: The government has recently implemented a tax on undeveloped and developed plots of land in urban areas 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 result in increased competition in the real estate market. Any future reduction of subsidies on electricity and water, changes in the expat levy, taxes on expat remittances and the introduction of any new levies on expats and their dependents may reduce disposable income and may reduce demand for the Fund’s properties. Further, any cap on rent increases by the Saudi government will have an adverse impact on the revenues of properties and, accordingly, cash distributions and the market value of the Fund’s Units .

3. Other Risk Factors

Legal Status Risk: The Fund is a contractual arrangement between the Unitholders and the Fund Manager. Such contractual arrangement is governed 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 agency or a Saudi court due to the uncertainty of the Fund’s legal entity which may result in losses directly reflected on the market price of the Fund’s Units.

Legal, Tax and Regulatory Risks: The information in these Terms and Conditions is based on existing published legislation. Legal, tax, zakat and regulatory change in the investment environment in the Kingdom, or otherwise, may occur during the Fund Term which could have an adverse effect on the Fund or the Investments. The Fund may have limited legal recourse in the event of a dispute, and remedies might 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. Additionally, governmental departments and agencies in the Kingdom, such as the Notary Public, exercise a great deal of discretion with regards to the application of existing legislation. Any changes to existing legislation or failure by governmental departments to apply such legislation may adversely affect the Fund. While investors in CMA-regulated funds in the Kingdom are not currently taxed, the local tax authorities maintain the rights to assess zakat tax on each Unitholder.

Government and Municipality Approvals Risk: The Fund may fail to achieve its investment objective 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 project which may negatively affect the value of Units as expected proceeds of development will not be earned on time.

Saudization Risk: The Saudi Arabian government may require the employment of a high percentage of citizens of the Kingdom in various sectors, including the development of the Kingdom's real estate sector (Saudization). It is unclear at this point to what extent the Fund and its investments will be required to implement Saudization policies. Saudization may require the hiring of additional employees or additional training and other costs which would entail higher operating costs than originally anticipated, which would be deducted from the Fund's net income and hence reduce the net profits of the real estate development project and negatively affect the profits of Unitholders.

Third Party Litigation: The Fund may become involved in litigation by third parties. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments 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.

Absence of Recourse; Indemnification: These Terms and Conditions limit the circumstances under which the Fund Manager, and their respective affiliates, including their officers, directors, partners, employees, shareholders, members and advisors, 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 activities on behalf of the Fund. Such indemnification obligations could negatively impact the returns to Investors.

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

Distributions in Kind: Subject to compliance with regulatory requirements, the Fund may make distributions in kind of real estate or shares in other companies in the context of winding up the Fund. In the event of a distribution in kind, Unitholders may receive interests in an asset or company that are potentially illiquid and may therefore be difficult to realize. As a result, Unitholders may jointly own real estate or a shares in a company distributed in kind. The distribution in kind of any assets may create costs and administrative burdens which investors would not have if the Fund made only distributions of cash.

Forward Looking Statements: These Terms and Conditions may 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 this Paragraph (G). 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 does not purport to be a complete or exhaustive explanation and summary of all the risk factors 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.

h) Subscription

1. Initial Public Offering

The Fund is offering 66 million Units at an Initial Offering Price of SAR 10 per Unit to SAR 660 million which is the Maximum Targeted Initial Offering Size.

The Units will be offered through an Initial Public Offering pursuant to the Real Estate Investment Funds Regulations and the REIT Instructions, during the Initial Offering Period running for 5 business days commencing on April 3rd 2017G until April 9th 2017G (the "Closing Date").

In order to participate in the Offering, investors must subscribe for Units and completed the subscription form included in Schedule E of these Terms and Conditions. The subscription form shall also be made available at the

website of the Fund Manager (<http://www.jadwa.com>). Each prospective investor must: (A) open account with Jadwa Investment (if not already a Jadwa client) (B) submit to the Fund Manager the completed and signed subscription form, these signed Terms and Conditions along with any other documents required under the subscription form; (C) pay the full Subscription Amount and Subscription Fee for the Units applied for to the Fund's Account, gross of any deductions, charges, bank fees, wire fees and currency exchange fees (which shall be the responsibility of the investor). In case the abovementioned steps are not completed prior to the end of the Initial Offering Period or in case the information provided is incorrect, the Fund Manager may refuse the subscription application.

By submitting a completed and signed subscription form and signing the Terms and Conditions, each investor shall be deemed to have made a binding non-revocable offer to subscribe for the number of Units indicated in subscription form and agreed to these Terms and Conditions. All applications for subscription are subject to Fund Manager approval as per the Terms and Conditions.

2. Cancellation and Refunds

The offering may be cancelled and all subscriptions amounts shall be refunded to investors in the following cases (unless decided otherwise by the CMA):

- (a) Failure to meet the minimum level of subscriptions of SAR 260 million; or
- (b) Public Unitholders are less than 50;
- (c) Less than 30% of the Units are subscribed for Public Unitholders; or

If the offering is cancelled, all Subscription Amounts and Subscription Fees received will be refunded to the investment account of the investor in Jadwa Investment Company within 15 Business Days of the date of cancellation (less any bank fees, wire fees or currency exchanged fees charged).

3. In Kind Subscription

Sellers of the Initial Assets may subscribe for the Fund during the Initial Subscription Period through in-kind contributions against Units as part of payment of the value of the Initial Assets. Such contributions are expected to be equal to 30 million Units (about 45% of the Fund's Units).

4. Allocation

The Fund Manager shall within 15 Business Days of Closing Date notify each investor of accepting or rejecting the subscription application in whole or in part. If the subscription application is approved, confirmations will be sent to applicants stating the approved Subscription Amount. If the Subscription Amount of an investor is wholly or partly rejected, the unaccepted portion of the Subscription Amount and related Subscription Fee shall be refunded to the investment account of the investor with Jadwa Investment Company set out in the Subscription Form within 15 Business Days of the Closing Date (less any bank fees, wire fees or currency exchanged fees charged).

Pursuant to the abovementioned paragraph (3) regarding in kind subscription and subject to completing the requirements for registration and listing as shown below, the Units shall be allocated promptly following the Closing Date in accordance with the following mechanism:

- (a) In case the total Subscription Amount applied for by all investors (including in-kind subscription) is less than the Minimum Targeted Initial Offering Size of SAR 260 million, then the subscription monies shall be returned to the subscribers (without interest) within 30 Business Days of the Closing Date;
- (b) In case the total Subscription Amounts applied for by all investors (including in-kind subscriptions are between the Minimum Targeted Initial Offering Size of SAR 260 million and an amount of SAR 400 million, then the minimum of SAR 260 million shall be accepted, and Units in the value of SAR 260 million shall allocated to investors proportionately to the Subscription Amounts, while giving priority to in-kind subscriptions;
- (c) In case the total Subscription Amounts contributed by all investors (including in-kind subscriptions) are between SAR 400 million and the Maximum Targeted Initial Offering Size of SAR 660 million, then an amount of SAR 400 million shall be accepted, and Units in the value of SAR 400 million shall be allocated to investors proportionately to the Subscription Amounts, while giving priority to in-kind subscriptions;

- (d) In case the total Subscription Amounts applied for by all investors (including in kind subscription) exceed the Maximum Targeted Initial Offering Size of SAR 660 million, then total Offering Units shall be allocated as follows:
1. Pursuant to the abovementioned paragraph (3), owners of the Initial Assets shall have priority to subscribe in the Fund during the Initial Subscription Period. Such subscriptions are expected to amount to 45% of the Fund's Units.
 2. After completing allocation to owners of the Initial Assets, other subscriptions shall be dealt with and the remaining value of Offering shall be allocated as follows:
 - a. 1,000 Units shall be allocated to each investor.
 - b. In case of an unallocated surplus of Units, the remaining Units shall be allocated on a pro rata basis.

If the number of subscribers is large, Units fewer than the minimum level of subscription may be allocated, and hence the Fund Manager cannot ensure allocation of the minimum level of subscription amounting to 1,000 investment Units.

Investors in the Fund shall waive the right of first refusal and, accordingly, any property owned by the Fund shall be sold in accordance with the Fund's investment strategy.

5. Eligible Investors

Subscription for Units is made available to: (a) natural persons of Saudi Arabian nationality and (b) corporations, companies, investment funds and other legal entities established in Saudi Arabia. The Fund Manager shall offer the Units according to the Regulation of Ownership and Investment in Real Estate by Non-Saudis.

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, the REIT Instructions or any other regulations adopted from time to time by the CMA or other regulatory entities.

Completing one subscription form shall be sufficient for each individual main investor subscribing for itself and its family members registered in the family book if the family members will subscribe for the same number of Units applied for by the main investor. Accordingly:

- a. All Units allocated to the individual main investor and affiliated investors shall be registered in the name of the individual main investor.
- b. Remaining amounts of unallocated Units paid by the individual main investor or affiliated investors shall be returned to the individual main investor.
- c. The individual main investor shall receive all profits distributed against Units allocated to the individual main investor and affiliated investors (in case the Units are not sold or transferred).

The Fund Manager shall take all such reasonable steps as may be necessary to ensure that at all times:

- (a) The Fund shall have a minimum of 50 Unitholders from the public; and
- (b) At least 30% of the Unitholders are Public Unitholders.

6. Minimum Level of Subscription

During the Initial Offering Period Investors must subscribe for at least 1,000 Units at a subscription price of SAR 10 per Unit for a minimum aggregate Subscription Amount of SAR 10,000.

7. Maximum Level of Subscription

During the Initial Offering Period, the maximum level of subscription shall be 3,300,000 Units at a Subscription Price of SAR 10 per Unit and a total Subscription Amount up to SAR 33,000,000.

8. Fund Account

The Fund Manager will open a separate bank account (or more) with a bank(s) in the name of the Fund and all subscription proceeds from investors and Fund revenues shall be deposited with such account and expenses payable regarding the operation and management of Fund will be withdrawn from such account.

9. Capital Increase

9.1 Capital Increase Mechanism:

If the Fund Manager determines that the Fund requires additional equity funding in the future, the Fund may increase its Capital through:

- cash contributions pursuant to tradable right issuances as applicable in the case of listed companies, in accordance with applicable procedures and requirements of the relevant Companies Regulations. In such case, existing Unitholders will have priority to subscribe for additional Units. In case existing Unitholders do not participate in the offering, the Fund Manager may offer the remaining Units to the public;
- in-kind contributions which may cause immediate dilution to the then Unitholders. A Capital increase through in-kind contributions shall not be treated as an increase in Capital through a rights offering; and
- a combination of cash and in-kind contributions.

9.2 Basis for Units Issuance:

Upon an increase in Capital, Units in the Fund shall be issued if the Fund Manager sees a value added or synergies that are to the benefit of the existing Unitholders. The Fund Manager will consider the following basis when considering future Unit issuances:

- the Fund's Net Asset Value as per the most recent valuation;
- the market price for the Fund's Units and its historical averages;
- the value added and/or synergies that may result from the Units issue; and
- market, economy, real estate sector and liquidity conditions.

9.3 Capital Increase Process:

The Fund Manager will take the following steps in implementing a Capital increase:

- (a) call for a Unitholders' meeting as explained in Paragraph U(2) of these Terms and Conditions;
- (b) present the meeting agenda explaining the rationale for a Capital increase, the basis for a Units issue, and the practical steps to be taken; and
- (c) upon approval from the CMA, a resolution approving the Capital increase will be issued and published.

i) Fees, Charges and Commissions

Except for the Subscription Fee paid by Unitholders upon their subscription in the Initial Public Offering, the Fund shall be responsible for and pay from its assets all fees, charges and commissions set out herein.

1. Subscription Fee

A Subscription Fee up to 2% of the Subscription Amount shall be deducted upon receiving the Subscription Amount and paid to the Fund Manager ("**Subscription Fee**").

2. Fees

2.1 Fund Fees

(a) **Management Fee**

In consideration for managing the assets of the Fund, the Fund Manager will be paid an annual management fee (the "**Management Fee**") during the Fund Term by the Fund equal to 1% of the total Net Asset Value.

The Management Fee will be borne by the Fund and will be calculated and payable semi-annually in arrears commencing on the Closing Date. Management Fees shall be prorated to take into account the days elapsed in the relevant period.

(b) **Equity Structuring Fee**

The Fund will pay the Fund Manager an equity structuring fee (the "**Equity Structuring Fee**") equal to 1.5% of the Subscription Amounts raised during the Initial Offering Period or at any subsequent equity raised by means of rights issue or in-kind contributions. The Equity Structuring Fee shall be payable once immediately upon the closing of any equity raising arrangement.

(c) **Debt Structuring Fees**

The Fund Manager will be paid a fee (the "**Debt Structuring Fee**") equal to 1.5% of the amount of debt drawn from aggregate financing facilities obtained by the Fund or any subsidiary in consideration of its efforts in structuring and raising financing for the Fund. The Debt Structuring Fee shall be payable once immediately upon every drawdown.

(d) **Custody Fee**

The Fund shall pay the Custodian an annual fee equal to 0.025% of the Net Asset Value, payable semi-annually (the "**Custody Fee**").

(e) **Administrator Fee**

The Fund shall pay the Administrator an annual fee of 0.02% of the Fund's Net Asset Value, payable semi-annually.

(f) **Audit Fees**

The Fund shall pay the Auditor an annual audit fee (the "**Audit Fee**") equal to SAR 35,000 which may vary from time to time.

(g) **Tadawul Registration Fee**

The Fund expects to pay the following Tadawul registration fee:

- SAR 50,000, plus SAR 2 per Unitholder, subject to a maximum of SAR 500,000 shall be paid to Tadawul in return for setting up a register of Unitholders; and
- SAR 400,000 shall be paid to Tadawul in return for managing the register of Unitholders. This fees can vary from time to time depending on the fund's capital size.

(h) **Taduwul Listing Fee**

The Fund expects to pay the following Tadawul listing fees:

- SAR 50,000 as initial listing fees; and

- 0.03% of the market value of the Fund (subject to a minimum of SAR 50,000 and a maximum of SAR 300,000) annually.

2.2 Fund Assets Fees

(a) Property Management Fee

The Fund Manager has negotiated an FRI Lease for the Initial Assets. For subsequent assets, the Fund will ensure the fees paid to property managers are negotiated on an arm's-length basis and consistent with market rates. Such fee shall be paid from the Fund's underlying assets.

(b) Transaction Costs

The Fund shall ensure that all transaction costs, such as asset acquisition costs, brokerage fees and related diligence, financing, advisory and legal costs are paid from the Fund's underlying assets.

(c) Development Fees

The Fund shall ensure that any development fees incurred by the Fund and paid to developers shall be negotiated on an arm's-length basis and consistent with market rates. For the avoidance of doubt, the Fund has not incurred any development fees in relation to the Initial Assets.

3. Expenses

3.1 Fund Expenses

The Fund shall be liable for all costs and expenses attributable to the establishment, activities, investments and divestments of the Fund. Expenses related to third party services such as legal, advisory, accounting, asset valuation, auditing, consulting, custodial, administration, the CMA's regulatory and supervisory expenses, related shariah compliant insurance costs and other professional services of the Fund in addition to income purifications shall also be borne by the Fund and such fees and expenses are expected not to exceed 0.50% of the Fund's Net Asset Value per annum.

3.2 Fund Assets Expenses

The Fund shall ensure that all design, engineering, procurement and supervision costs, property development and development management costs are duly accounted for and paid from the Fund's underlying assets to the relevant service providers.

4. Liability

The Fund shall take all measures necessary to achieve the best interest of all Unitholders according to the best of its knowledge. The Fund Manager and its directors, officers, employees, agents, advisers, affiliates and personnel, the Custodian, each property manager, the Shariah Board and the members of the Fund Board (each a "**Covered Party**") shall not have any liability to the Fund or to any investor for any loss suffered by the Fund that arises out of any acts or omissions of that party in connection with the conduct of the affairs of the Fund; provided that any party seeking to rely on such provision has acted in good faith and in a manner reasonably believed to be in the best interests of the Fund and was neither grossly negligent nor engaged in fraud or willful misconduct.

The Fund will indemnify and hold harmless each Covered Party from and against any and all claims, expenses, damages, costs, demands or liabilities which they, or any one of them, may sustain or to which they, or any one of them may become subject, arising out of, or relating in any way to their duties to the Fund, except to the extent caused by such party's fraud, gross negligence or willful misconduct.

5. Summary Financial Disclosure

The expected fees and expenses to be charged and incurred by the Fund are set forth in the Summary Financial Disclosure set forth in Schedule B hereto.

j) Valuing Fund Assets

1) Method of Valuing the Fund's Assets

The Fund Manager shall value the Fund real estate assets based on a valuation prepared by two independent valuers licensed by Saudi Authority for Accredited Valuers. The Fund Manager has the right to change or appoint any new valuator for the Fund without any prior notice to the Unitholders. Such appointment will be made considering the Fund Manager's fiduciary responsibility to the Unitholders.

The Net Asset Value of one Unit ("**Unit NAV**") will be calculated by deducting total liabilities of the Fund, including any finance liabilities, fees and expenses payable by the Fund during the calculation period from Fund total assets, and the output will be divided by the number of the Fund Units for the same period. Such value shall be an indicative value of the Fund's outstanding units.

Total assets are the sum of all real estate assets, cash, accrued profits, and other receivables and the market value of all non-real estate investments together with the current value of any other assets held. The Fund Manager shall exercise its reasonable judgment in determining the values to be attributed to assets and liabilities, provided it is acting in good faith in the interest of the Fund as a whole. For purposes of determining the real estate assets Value, the Fund Manager shall use the average of the valuations conducted by two (or more) independent valuers licensed by the Saudi Authority of Accredited Valuers.

Valuation of the Initial Assets

The Fund Manager appointed 3 accredited valuers licensed by the Saudi Authority for Accredited Valuers in order to conduct an independent valuation for the Initial Assets of the Fund. Below is a summary of the assets description and valuation values and dates thereof.

Property 1 – Tharawat Al Andalusia Hotel

- Building age is about 13 years.
- Plot area is 641.97 sq m.
- The property is currently utilized as a four-star hotel, under the brand of Tharwat Al Andalusia Hotel.
- The hotel offers 294 keys to accommodate Haram visitors throughout the year.
- The hotel is arranged over a basement level, ground, mezzanine, service level, 12 upper levels and roof.
- The building's ground level is internally configured to accommodate 10 shops.

Property 2 – Tharawat Al Taqwa Hotel

- Building age is about 3 years.
- Plot area is 2,216.23 sq m.
- The property is currently utilized for the accommodation of Haj and Umrah visitors, under the brand of Tharwat Al Taqwa Hotel.
- The property offers 690 rooms to accommodate Haram visitors during the Haj season and the month of Ramadan. The property has the capacity to accommodate approximately 3,506 pilgrims.
- The property is arranged over three basement levels, ground, mezzanine, service level, restaurant level, 14 upper levels and roof.

Colliers International	Tharawat Al Andalusia Hotel	Tharawat Al Taqwa Hotel
Property Market Value	SAR 369,000,000	SAR 243,000,000
Valuation Date	11/12/2016	11/12/2016

ValuStrat	Tharawat Al Andalusia Hotel	Tharawat Al Taqwa Hotel
Property Market Value	SAR 400,000,000	SAR 265,000,000
Valuation Date	04/12/2016	04/12/2016

White Cube	Tharawat Al Andalusia Hotel	Tharawat Al Taqwa Hotel
Property Market Value	SAR 410,000,000	SAR 270,000,000
Valuation Date	17/12/2016	17/12/2016

2) **Number and Timing of Valuation**

The Fund Manager shall issue the Fund's Unit NAV once every six months and at such other times as it determines necessary (each such day, a "**Valuation Day**"). The Fund Manager may postpone the valuation of the Fund's assets after obtaining the approval of the CMA, in accordance with Article 22 of the Real Estate Investment Funds Regulations.

3) **Manner of Announcing the Unit Net Asset Value**

The Fund Manager shall announce the Unit Net Asset Value within 30 Business Days from the respective Valuation Day, and the Unitholders shall be notified of the same through periodic reports made available on the website of Tadawul and that of the Fund Manager.

k) Trading of Units

- 1) Upon listing, the Units may be traded in the same way as trading listed companies shares on Tadawul. Therefore, Unitholders and investors may trade during the normal trading hours announced by Tadawul and through licensed brokerage firms.
- 2) Acquiring Units from Tadawul shall be considered an acknowledgment from a buyer that it has read and accepted these Terms and Conditions.
- 3) Trading in Units shall result in trading fees or commissions being incurred which shall be settled as per the prevailing market prices. The Unitholder will be responsible for the trading fees or commissions.
- 4) In line with Part 9 of the REIT Instructions, the CMA may at any time suspend the trading of the Fund Units or cancel its listing as it deems appropriate.

l) **Termination of the Fund**

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

- a) following the approval of the Fund Board and Shariah Board if the Fund exits or sells all its assets and all proceeds of such dispositions have been distributed to the Unitholders;
- b) 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
- c) if the termination of the Fund is required pursuant to a decision by the CMA or under its regulations.

Unitholders and the CMA will be notified within 30 days of the occurrence of a Termination Event.

If the Fund is to be terminated for a reason other than the occurrence of a Termination Event, a prior approval of Unitholders, the Fund Board, the Shariah Board and the CMA is required.

If the Fund is terminated, following written notice to and, if required, the approval of the CMA, the Fund Manager shall, within 15 Business Days, (i) request Tadawul to delist the Units and request the CMA to cancel the Fund, and (ii) announce a time schedule for liquidating the Fund on the website of the Fund Manager and commence liquidation procedures. The Fund Manager shall appoint a liquidator who shall cause the Fund to be wound down with assets of the Fund distributed to the Unitholders. For the avoidance of doubt, the Fund Manager may act as the liquidator, and the assets of the Fund may be distributed to the Unitholders in-kind in case the disposal of the Fund assets was impossible or the Fund Manager considered so to be in the best interests of the Unitholders.

m) Fund Board

The Fund Manager will appoint the Fund Board to provide oversight over certain actions of the Fund and to act as a fiduciary for the benefit of the Fund and its Unitholders. The Fund Board will work with the Fund Manager to ensure the success of the Fund.

1) Composition and Member Qualifications

The Fund Board will be composed of 5 members appointed by the Fund Manager, of whom two are independent. Any amendment to the composition of the Fund Board shall be notified to the Unitholders by an announcement on the Fund Manager's and Tadawul's websites.

The Fund Board comprises the following members:

Zaheeruddin Khalid – Chairman

Mr. Khalid is the Head of Asset Management and Chief Investment Officer at Jadwa Investment. Zaheeruddin has over 16 years of experience in the field of investments and capital markets. He joined Jadwa in 2008 to develop the buy side research team and later held the position of head of portfolio management. Prior to joining Jadwa, he held various positions, including Head of Research and Product Development in Mezzan for Investment Management and Head of Research in Elixir Securities Company. He holds an MBA degree and is a CFA charterholder.

Mr. Ghannam Al Ghannam - Member

Mr. Al Ghannam is the Director, Private & Institutional Client Investments at Jadwa; prior to joining Jadwa he was a Senior Investment Advisor for private clients at HSBC Saudi Arabia. Over 14 years of experience in business development and wealth management maintaining a high quality approach to all sales, services, operational and risk management processes, organized and planned sales activities related to private equity, asset management and real-estate. Ghannam is a certified financial planner and holds a BS degree in Business Administration from Toledo University.

Raed Al Ammari - Member

Mr. Al-Ammari is the Director of Business Development in Jadwa Investment Company. Prior to joining Jadwa, he was head of sales and marketing in Samba's asset management division. He has 15 years of experience in distribution of investment products & services and holds a BS degree in Accounting from King Saud University

Dr. Waleed Addas - Independent Board Member

Dr. Addas is the Chief of Programs and Portfolio Monitoring Division at Islamic Development Bank. Prior to that he was Director of Finance and Administration at International Energy Forum, Riyadh. Dr. Addas holds a Doctorate in Economics from International Islamic University, Malaysia.

Dr. Waleed Alnumay – Independent Board Member

Currently he is a Faculty Member at King Saud University and Chairman of the Saudi Association of Community Colleges. During the past years, Dr. Waleed took over many of the administrative and supervisory positions, especially in the field of information technology projects such as the establishment and management of massive data centers, smart schools. He served as the project manager of smart campus project at King Saud University. In addition, he managed the development of many web and mobile software projects. Dr. Waleed holds a Master degree from Atlanta University and a Doctorate degree from Oklahoma University.

2) Member Suitability

The Fund Manager represents that in relation to each member of the Fund Board, such member:

- (a) is not subject to any bankruptcy or liquidation proceedings;
- (b) has not previously committed any fraudulent, dishonest or untrustworthy act; and
- (c) has the requisite skills and expertise that would render him to qualify to be a member of the Fund Board.

The Fund Manager represents that each independent director is in compliance with the definition of an independent director as mentioned in the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority.

3) Compensation, Fees and Expenses

Each of the independent members of the Fund Board shall be entitled to SAR 5,000 for each meeting with a cap of SAR 20,000 per annum. The non-independent members of the Fund Board will not receive any remuneration. However, the Fund will bear all actual travel and accommodation expenses reasonably incurred by each Fund Board member to attend meetings which are not expected to exceed SAR 20,000 per annum.

4) Responsibilities

The members of the Fund Board shall have the following responsibilities:

- a) ensuring that the Fund Manager carries out its responsibilities in a manner that would achieve the overall interest of Unitholders in accordance with these Terms and Conditions and the Real Estate Investment Funds Regulations and the REIT Instructions;
- b) approving all material contracts, decisions and reports involving the Fund, including but not limited to development agreements, custody agreements, marketing agreements and valuation reports;
- c) approving these Terms and Conditions and any amendments thereto;
- d) supervising and whenever proper ratifying any conflict of interests disclosed by the fund manager in compliance with the regulations;
- e) approving the appointment of the auditor nominated by the Fund Manager;
- f) meeting at least twice annually with the compliance officer of the Fund Manager and AML/counter-terrorism reporting officer to ensure that the Fund Manager is in compliance with all applicable rules and regulations;
- g) ensuring that the Fund Manager discloses all material information to Unitholders and other stakeholders; and
- h) working in good faith, reasonable care and diligence to achieve the overall interests of the Fund and Unitholders.

The Fund Manager shall provide all necessary information regarding the affairs of the Fund to all Fund Board members in order to enable them to carry out their duties.

5) Other Funds Managed by members of the Fund Board

	Zaheeruddin Khalid	Al Ghannam Ghannam	Raed Al Ammari	Dr. Waleed Addas	Dr. Waleed Al Numay
Jadwa Al Argan Residential Real Estate Development Fund	•	•	•	•	
Jadwa Al Azizia Real Estate Investment Fund	•	•	•	•	
Jadwa Al Basateen Real Estate Investment Fund	•	•	•	•	
Jadwa Technology Special Opportunities Fund				•	
Jadwa Building Materials Opportunities Fund				•	
Jadwa Tourism and Hospitality opportunities Fund		•		•	
Jadwa Healthcare Opportunities Fund		•		•	
Jadwa Industrial Waste Management Opportunities Fund			•	•	
Jadwa Mechanical Opportunities Fund	•	•			
Jadwa Refining Opportunities Fund		•		•	
Jadwa Healthcare Opportunities Fund 2		•		•	

Jadwa Saudi Equity Fund		•	•	•	
Jadwa GCC Equity Fund			•	•	
Jadwa Arab Markets Equity Fund			•	•	
Jadwa SAR Murabaha Fund			•	•	
Jadwa Global Sukuk Fund			•	•	
Jadwa Saudi Index Fund			•	•	
Jadwa GCC Index Fund			•	•	
Jadwa Saudi IPO Fund		•	•	•	
Jadwa Private Funds (1-12)	•	•			

6) **Fund Board Meetings**

The Fund Board shall hold a meetings upon the call of its chairman, which is expected to be at least once every Fiscal Year. The chairman may convene an urgent meeting of the Fund Board whenever he deems it necessary. The chairman must convene the board whenever so requested by the Fund Manager or any two (2) members of the Fund Board.

Meetings of the Fund Board shall not be validly held unless attended by a majority of its members. Resolutions of the Fund Board shall be made by the affirmative vote of a majority of the members. When votes are equal, the chairman's vote shall be casting.

The Fund Board may make resolutions in urgent matters by circulation, via fax or by email; provided that any such resolution shall be presented to the Fund Board in its first subsequent meeting for official documentation.

Meetings of the Fund Board may be held, and the members of the Fund Board may participate in the corresponding deliberations and cast their votes therein, via modern technology.

The Fund Board shall document its meetings, prepare minutes of deliberations and discussions, including the voting processes that are carried out, and keep such minutes organized and properly maintained for ease of reference.

A member of the Fund Board may not vote on any resolution of the Fund Board concerning any matter where said member has any interest, whether direct or indirect. Such interest must be disclosed to the Fund Board.

n) Fund Manager

1) **Name and Address**

Name: Jadwa Investment Company
Address: Sky Towers
Fourth Floor
King Fahad Road
P.O. Box 60677
Riyadh 11555
Kingdom of Saudi Arabia
Website: www.jadwa.com

2) **Fund Manager as an Authorized Person**

The Fund Manager was incorporated as a closed joint stock company pursuant to the laws and regulations of the Kingdom, and licensed to operate as an "Authorized Person" under the Authorized Person Regulations issued by the Board of the CMA pursuant Resolution No. 1-83-2005 dated 21/05/1426H (corresponding to 28/06/2005G) under license number 06034-37 dated 13/02/1428H (corresponding to 03/03/2007G).

Jadwa Investment Company is a full services Shariah-compliant investment bank headquartered in Riyadh, Saudi Arabia, that offers asset management, advisory, corporate finance, brokerage and custody services to high net

worth individuals, family offices and institutions. The investment team at Jadwa Investment Company comprises experienced professionals from the asset management and investment banking industry.

3) Fund Manager Services

The Fund Manager shall appoint an investment portfolio manager registered with the CMA in accordance with the Authorized Persons Regulations issued by the CMA to oversee management of the Fund.

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

- (a) sourcing and executing acquisitions and dispositions for the Fund's assets;
- (b) setting out the decision-making procedures that should be followed when executing the business and projects of the Fund;
- (c) informing the CMA of any material event or development that might affect the Fund's business;
- (d) complying with all laws and regulations valid in the Kingdom relating to the Fund's business;
- (e) managing the Fund's assets for the benefit of the investors in accordance with the Terms and Conditions;
- (f) ensuring the legality and validity of all contracts concluded for the benefit of the Fund;
- (g) implementing the Fund's investment strategies described herein;
- (h) arranging, negotiating and executing Shariah-compliant debt financing documentation on behalf of the Fund;
- (i) appointing the Shariah Board and securing their approval that these Terms and Conditions are in compliance with Islamic Shariah;
- (j) overseeing the performance of the Fund's contractual counterparties;
- (k) arranging the liquidation of the Fund upon its termination;
- (l) providing the Fund Board all necessary information relating to the Fund to enable the Fund Board members to perform their responsibilities completely; and
- (m) consulting with the Fund Board to ensure compliance with the CMA's regulations and the Terms and Conditions.

4) Material Conflicts of Interest

As of the date on which these Terms and Conditions are prepared, there are no transactions involving material conflicts of interest between the Fund, the Fund Board and any third parties. The Fund Manager has identified potential conflicts that can arise between the Fund Manager and the Fund are set forth in Paragraph (S) herein. For clarification purposes, the appointed Custodian (Al Bilad Capital) is wholly owned by Al Bilad Bank. A member of the Fund Manager's Board of Directors is a shareholder in a founding company of Al Bilad Bank (at a percentage not representing control). For further clarification, the appointed Custodian is a shareholder of the Fund Manager at a percentage not representing control.

The Fund Manager shall not have any interest in or claims against the Fund assets, except in its potential capacity as a Unitholder. Creditors of the Fund Manager shall not have any interest in any Fund assets.

5) Delegation to Third Parties

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

In particular, the Fund Manager intends to delegate certain administrative functions to Apex Fund Services.

6) Investment in the Fund

The Fund Manager may participate in the Initial Offering and acquire Units on or after the Listing Date. Notwithstanding the foregoing, the Fund Manager shall be permitted to acquire Units from time to time; provided that the Fund Manager shall disclose any investment it has in the Fund at the end of each financial year in the summary of financial disclosure.

o) Custodian

Name: AlBilad Investment Company
Address: Smart Tower
First Floor
Intersection of King Fahad Road and Tahlia Road
P.O. Box 140
Kingdom of Saudi Arabia
Website: www.albilad-capital.com

The Custodian is licensed by the CMA as an “Authorized Person” pursuant to license no. 8100-37. The Custodian will form one or more Saudi Arabian limited liability companies (each an “SPV”) to hold title to the assets of the Fund. Such structure shall 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 Fund assets, except in its potential capacity as a Unitholder. Creditors of the Custodian shall not have any interest in any Fund assets.

p) Developer

The Fund’s Initial Assets does not consist of any real estate development activities or real estate assets currently under development. As such, and in the event the Fund undertakes a real estate development project, the Fund Manager intends to appoint a developer on an arm’s-length basis.

q) Auditor

Name: Alluhaid Chartered Accountants (ACA)
Address: 187 Abo Bakr Al Siddiq Road,
Al Morsalat District,
Fourth Floor
P.O Box 7535-4304
Riyadh 12462
Kingdom of Saudi Arabia

The Fund Manager may change the Fund’s Auditor from time to time with the approval of the Fund Board. Notice will be provided to all Unitholders and the CMA upon the replacement of the Auditor.

r) Financial Statements

The Fund’s financial year (“**Financial Year**” or “**Fiscal Year**”) shall be from January 1 to December 31 each year, except for the first financial year of the Fund which shall commence on the Closing Date until 31 December 2017.

Financial statements of the Fund will be prepared by the Fund Manager on both a semi-annual basis (unaudited) and an annual basis (audited) in accordance with the applicable standards set by the Saudi Organization of Certified Public Accountants (SOCPA) and any amendments from time to time. The annual financial statements shall be audited by the Fund’s auditor. Financial statements of the Fund will be reviewed by the Fund Board and made available to the CMA as soon as they are approved and made available to Unitholders within a maximum of 25 days from the end of the period covered by unaudited financial statements and 40 days from the end of the period covered by audited financial statements, by publishing them on the Fund Manager’s and Tadawul’s websites.

s) Conflicts of Interest

As of the date on which these Terms and Conditions are prepared, there are no transactions involving material conflict of interest between the Fund, the Fund Board and any third parties. For clarification purposes, the appointed Custodian (Al Bilad Capital) is wholly owned by Al Bilad Bank. A member of the Fund Manager Board is a shareholder in a founding company of Al Bilad Bank (at a percentage not representing control). For further clarification, the appointed Custodian is a shareholder of the Fund Manager at a percentage not representing control.

Conflicts 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, officers, employees and agents thereof, and other funds sponsored or managed by them. Where the Fund Manager has a material conflict of interest with the Fund, the Fund Manager will make a full disclosure to the Fund Board as soon as practicable. The Fund Manager will attempt to resolve any conflicts of interest by exercising its good faith judgment considering the interests of all affected investors and parties taken as a whole.

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

(a) ***Similar Vehicles Managed by Jadwa Investment Company***

Jadwa Investment Company manages and expects to continue to manage its own proprietary account and other investments and accounts with objectives similar in whole or in part to those of the Fund, including other collective investment vehicles which may be managed or sponsored by Jadwa Investment Company or in which its affiliates may have an equity interest.

In addition, subject to the limitations set forth herein, Jadwa Investment Company and its affiliates may in the future sponsor or serve as fund manager, investment manager or general partner with respect to investment funds or other collective investments, one or more of which may invest in properties similar to those in the Fund's assets, provided that such other activity does not impair the success of the Fund.

(b) ***Conflicts of Interest Regarding Transactions with the Fund Manager and its Affiliates***

The Fund may engage in transactions with the Fund Manager or its affiliates or other entities in which Jadwa Investment Company has a direct or indirect interest. For example, certain affiliates of Jadwa Investment Company may provide services to the Fund such as administrative services. All transactions between the Fund and the Fund Manager, its affiliates and entities in which Jadwa Investment Company holds a direct or indirect interest will be disclosed by the Fund Manager to the Fund Board. However, the Fund Manager and Fund Board shall 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 standard terms.

(c) ***Fund Board***

The Fund Board will oversee the resolution of conflicts of interests. As of the date of these Terms and Conditions, the Fund Board is composed of appointees of the Fund Manager. The members of the Fund Board have fiduciary duties to the investors under the Real Estate Investment Fund Regulations and will use their best efforts to resolve all conflicts by exercising their good faith judgment.

(d) ***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 arrangements must be disclosed to the Fund Board and shall be on market standard terms. In case a Related Party or an affiliate, including another fund or collective investment vehicle established by the Fund Manager, wishes to enter into a transaction with the Fund, the Fund Manager will obtain the approval of the Fund Board. If the Fund will buy or sell an assets to a Related Party or an affiliate, the purchase price paid or received by the Fund must be consistent with independent valuations.

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.

t) Reporting to Unitholders

The Fund Manager shall, via mail or electronic means, report and disclose the following information to the CMA and Unitholders without any delay:

- (i) any material development that is not public knowledge and may affect the Fund assets, liabilities, counterparties, financial position or general course of business of any other change that would result in the Fund Manager voluntarily resigning from its position as fund manager, and which reasonably may affect the Unit Price or have significant effect on the Fund's ability to meet its commitments in respect of debt instruments;
- (ii) any transaction to purchase, sell, lease or mortgage a Fund asset at a price equal to or greater than 10% of the Fund's total assets value in accordance with the latest reviewed interim financial statements or audited annual financial statements, whichever is more recent;

- (iii) any losses equal to or greater than 10% of the Fund's Net Asset Value; according to the latest reviewed interim financial statements or audited annual financial statements, whichever is more recent;
- (iv) any changes in the composition of the Fund Board or Fund committees (if any);
- (v) any dispute including any litigation, arbitration or mediation where the value involved is equal to or greater than 5% of the Fund's Net Asset Value according to the latest reviewed interim financial statements or audited annual financial statements, whichever is more recent;
- (vi) any increase or decrease in the Fund's Net Asset Value equal to or greater than 10% according to the latest reviewed interim financial statements or audited annual financial statements, whichever is more recent;
- (vii) the increase or decrease in the gross profit of the Fund, equal to or greater than 10% according to the latest audited annual financial statements;
- (viii) any transaction between the Fund and a Related Party or any arrangement through which the Fund and a Related Party invest in any project or asset or provide financing therefor if this transaction or arrangement is equal to or greater than 1% of the Fund's gross revenue according to the latest audited annual financial statements;
- (ix) any interruption in the Fund's core activities equal to or greater than 5% of the gross revenues according to the latest audited annual financial statements;
- (x) any change in the Fund's Auditor;
- (xi) an appointment of a replacement custodian for the Fund;
- (xii) the passing of any judgment, decision, order or declaration by a court or tribunal, whether at first instance or at appeal, which may adversely affect the Fund's utilisation of any portion of its assets which in aggregate value represents a value exceeding 5% of the Net Assets Value according to the latest reviewed interim financial statements or audited annual financial statements, whichever is more recent; and
- (xiii) any suggested change to the Fund's capital.

Semi-annual Reports

In addition, the Fund Manager shall disclose the following information at least once every six months:

- any changes to these Terms and Conditions;
- any principal, material or significant changes that affect the operations of the Fund; and
- a statement of distributions showing the amounts distributed to Unitholders.

Annual Reports

The Fund Manager shall prepare and submit annual reports to the Unitholders including the following information:

- (i) the underlying assets in which the Fund invests;
- (ii) the assets which the Fund is targeting to invest in;
- (iii) an illustration of the leased and un-leased properties in relation to the total assets owned by the Fund;
- (iv) a comparative illustration covering the Fund's performance over the last three Fiscal Years (or since inception of the Fund) explaining the following:
 - the Net Asset Value of the Fund at the end of each Fiscal Year;

- the Net Asset Value per Unit 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 at the end of each Fiscal Year;
 - the distribution of income per Unit; and
 - the expense ratio of the Fund.
- (v) a performance record showing the following:
- the total return for one, three and five years (or since inception of the Fund);
 - the annual total return for each year of the past ten years (or since inception of the Fund);
 - a table showing the fees and commissions incurred by the Fund in favour of third parties throughout the year and the total expense ratio. In addition, the record shall disclose any circumstances that would call for the Fund Manager to waive or reduce any fees.
- (vi) if fundamental changes have occurred during the relevant period which affected the performance of the Fund;
- (vii) the Fund Board's annual report that would include but not be limited to the topics discussed and decisions issued by the Fund Board, including the issues regarding the performance of the Fund and its achievement of its objectives;
- (viii) a statement about the special commissions earned by the Fund Manager during the relevant period, stating clearly the purpose of the commissions and how they would be utilized;
- (ix) any changes to these Terms and Conditions.

u) Other Information

1) Know Your Customer (KYC) Requirements

As a CMA Authorized Person, the Fund Manager is obliged to comply with certain Know Your Customer (KYC) requirements in respect of admitting Unitholders into the Fund. In compliance with the applicable CMA regulations, each Unitholder shall provide the Fund Manager with certain information and documents, as requested by the Fund Manager, in order to satisfy certain Know Your Customer (KYC) requirements. The Fund Manager shall be responsible for all Know Your Customer (KYC) procedures and requirements during the Initial Offering Period until the Closing Date while Tadawul shall handle all Know Your Customer (KYC) procedures and requirements commencing on the Listing Date.

2) Administrator

Address: Jadwa Investment Company
 Sky Towers
 Fourth Floor
 King Fahad Road
 P.O. Box 60677
 Riyadh 11555
 Kingdom of Saudi Arabia

Website: www.jadwa.com

The administrator shall be responsible for processing subscription requests and investor KYC documentation, updating the Unitholder register and preparing Unitholder notifications during the Initial Offering Period. The administrator shall also be responsible for calculating the Unit Net Asset Value.

The Administrator intends to engage Apex Fund Services (Dubai) Limited as the sub-administrator to provide certain accounting, back-office and other administrative functions.

The sub-administrator is licensed by the Dubai Financial Services Authority. Each investor hereby acknowledges and consents that certain confidential information may be shared with the sub-administrator and transmitted outside of Saudi Arabia. The Fund Manager and the Administrator reserves the right to change the sub-administrator of the Fund.

3) Unitholder Meetings

- a) The Fund Manager may, on its own initiative, call for a meeting of the Unitholders.
- b) The Fund Manager must call for a meeting of Unitholders within 10 days from receiving such written request from the Custodian.
- c) The Fund Manager shall call for a meeting of Unitholders by announcing the invitation on its website and that of Tadawul, and by sending a notice in writing to all Unitholders and the Custodian giving a minimum of 10 days' notice and a maximum of 21 days' notice of the meeting. The announcement and notice must specify the date, place and time of the meeting and the proposed agenda. The Fund Manager must at the same time as sending a notice to Unitholders regarding any meeting, provide a copy of any such notice to the CMA.
- d) The Fund Manager must call for a meeting of Unitholders within 10 days of receiving a written request from a Unitholder or more who individually or collectively hold at least 25% of the Fund Units.
- e) The quorum required to conduct a meeting of the Unitholders shall be such number of Unitholders holding collectively at least 25% of the value of the Fund Units.
- f) If the quorum requirements set out in paragraph (e) above are not met, the Fund Manager shall call for a second meeting by announcement on its website and that of Tadawul and shall send a notice in writing to all Unitholders and the Custodian giving not less than 5 days' notice of the second meeting. At the second meeting, any number of Unitholder(s) holding any number of Units present in person or represented by a proxy shall be deemed to satisfy quorum.
- g) Every Unitholder shall be entitled to appoint a proxy to represent such Unitholder at a meeting of the Unitholders in the form provided herewith in Schedule D.
- h) Each Unit held by a Unitholder shall represent one vote at the meeting of Unitholders.
- i) The Unitholders meetings and its deliberations and voting on decisions may be conducted through modern technology means in accordance with requirements set out by the CMA.
- j) A resolution of the Unitholders is enforceable subject to the consent of Unitholders owning 50% of the total Fund Units who attend the meeting either in person, proxy or via modern technology means.

4) Unitholder Rights

The Unitholder shall be entitled to exercise all rights in relation to the units as explained within the Terms and Conditions, including the following:

- 1) Attending Unitholders meetings and voting in relation to matters presented to the Unitholders at Unitholder meetings.
- 2) Voting in relation to any suggested fundamental change to the Fund, which shall include the following:
 - material change in the nature of the Fund or its investment objectives;
 - a change that may have an adverse and material effect on the Unitholders or their rights with respect to the Fund.
 - a change that has an impact on the Fund's risk profile; and
 - an increase in the Capital of the Fund.
- 3) Subscribing to rights issuances and accepting in-kind contributions related to increasing the Fund's Capital.
- 4) Receiving dividends distributed according to these Terms and Conditions.
- 5) Receiving regular reporting and updates according to these Terms and Conditions.

Except as expressly set forth in this section, the Unitholders do not have any rights in relation to the management of the Fund.

5) Shariah Board

The Fund Manager has appointed a Shariah Board as the Fund Shariah advisor (the “**Shariah Board**”). The Shariah Board is a panel consisting of four scholars who are experts in the field of Islamic Shariah. They will monitor the business, operations, investments and financings of the Fund to ensure compliance with the Islamic principles of Shariah.

The Fund Manager will carry out the Shariah monitoring tasks for the Fund’s investments, which include the following:

- achieve the Fund’s commitment to Shariah monitoring through periodic reviews;
- review agreements and contracts regarding the Fund’s transactions;
- follow-up with the Fund’s operations, review its activities in terms of their legality and consider the extent of its compliance with the Shariah Guidelines and the Shariah Board directions;
- submit the matter to the Shariah Board in case of any potential Shariah violations; and
- prepare and follow-up with the necessary endorsements for the purification amounts approved by the Shariah Board.

The Shariah Board will carry out the tasks of overseeing the compliance of the Fund’s activities with the Shariah Guidelines and provide relevant advice. The Shariah Board consists of the following members:

H.E. Sheikh Dr. Abdulla Al Mutlaq (Chairman of the Board)

H.E. Sheikh Dr. Abdulla Al Mutlaq is a member of the Senior Ulema Board, Advisor for the Royal Court, former Chairman of the comparative Fiqh, Imam Mohammed Bin Saud Islamic University, and a member of the Shariah Board for a number of financial institutions in the Kingdom of Saudi Arabia.

Sheikh Dr. Muhammad Ali bin Ibrahim Al Qari bin Eid (Member of the Board)

Sheikh Dr. Muhammad Ali Al Qari bin Eid is a professor of Islamic Economics at King Abdulaziz University in Jeddah and an expert at the Fiqh Academy of the Organisation of Islamic Conference in Jeddah.

Sheikh Bader Abdulaziz Al Omar (Member of the Board)

Sheikh Bader Abdulaziz Al Omar has 18 years of experience in Islamic banking. Currently, he is the head of Shariah group at Jadwa Investment having worked earlier in several positions at the Shariah group within Al Rajhi bank. He is a former member of the Islamic banking committee at the Saudi Arabian Monetary Agency.

Sheikh Ahmed Abdulrahman Al Gaidy (Member of the Board)

Sheikh Ahmed Abdulrahman Al Gaidy is our head of Shariah research, and has banking experience exceeding 14 years in the investment banking. He issued several Shariah research, and worked previously as Shariah consultant to Al Rajhi Bank in the investment department, and also Shariah consultant to the Al-Jazira Bank in the treasury department.

The Fund Manager shall be responsible for the expenses of the Shariah Board including those related to monitoring the business, operations, investments and financings of the Fund. The Fund is not responsible for Shariah Board expenses.

The Shariah Board has reviewed these Terms and Conditions and has approved the structure of the Fund and the offering of Units during inception of the fund. The Fund shall also comply with the approved Shariah Guidelines.

If any Investment proceeds or other amounts received by the Fund are not Shariah-compliant, the Fund shall arrange for such funds to be “purified” in accordance with a procedure to be determined by the Shariah Board from time to time. The Shariah Board shall specify the relevant purification percentage or amount.

6) **Property Management**

The Fund Manager shall appoint a property manager or more for each property. The property manager shall be responsible for the administrative affairs of the property, including the development of management rules and policies, the permanent follow-up of the property and the affairs of its tenants, the follow-up of the collection of rents, the follow-up of periodic maintenance and the exploitation of property to effectively achieve the best returns. The Fund Manager shall change the property manager for any property from time to time subject to its performance. For the avoidance of doubt, the Fund Manager may appoint an affiliate as a property manager for one or more of the Fund's assets. The property manager may also be the lessee of a property, as in the case of certain properties within the Initial Assets.

7) **Other Service Providers**

The Fund Manager may from time to time engage additional third party advisors, consultants, and other service providers relating to one or more assets, including, but not limited to developers, facilities managers, project managers, contractors, architects, designers, legal advisors, etc. Each such third party will be engaged pursuant to an agreement negotiated on an arm's length basis.

8) **Material Contracts**

- **Property Purchase Contracts:** The Fund concluded two separate contracts to purchase the Initial Assets at a total price of SAR 629,000,000.
- **Long Term Lease Contracts:** The Fund concluded two separate contracts for each Initial Asset with Tharawat Al Mashaer Property Development and Investment Company. These contracts grant the lessee the right to commercially use the properties and require the lessee to be responsible for the insurance and maintenance costs and works. The term of lease is 15.5 Hijri years for both properties. The lessee may not terminate the contract before lapse of a period no less than 3 Hijri years as for Tharawat Al Andalusia Hotel and 4 Hijri years as for Tharawat Al Taqwa Hotel. In all cases, the lessee shall pay an amount of SAR 8 million for each contract to be terminated. The lessor has taken cash and in-kind guarantees up to SAR 203 million to ensure regular payment of rent.
- **Custodian Agreement:** The Fund appointed Al Bilad Capital pursuant to an agreement to hold the assets of the Fund by SPVs.
- **Auditor Agreement:** The Fund appointed Alluhaid Chartered Accountants (ACA) 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 criteria set forth by the Saudi Organization of Certified Public Accountants (SOCPA).
- **Legal Consultant Agreement:** The Fund appointed The Law Office of Mohammad Al-Ammar (in affiliation with King & Spalding LLP) to provide the Fund with legal advice in a non-exclusive manner if the Fund Manager thinks that there is a need for legal advice with regard to increasing the Fund capital, instructions and regulations issued by the CMA, obtaining bank financing and conducting due diligence upon purchase of new real estate assets. The Fund Manager shall negotiate with the Legal Consultant in relation to each legal advice.

9) **Complaint Proceedings**

If, during the Fund Term, a Unitholder has any questions or complaints relating to the operations of the Fund, such Unitholder should contact the Compliance & AML Department of Jadwa Investment Company at complaint@jadwa.com or 00966 (0)11 211 4842.

Jadwa Investment Company has a documented complaints management policy which it currently uses with existing clients. It is the intention of the Fund Manager to extend this policy to the Unitholders of the Fund. Potential investors and Unitholders who would like to have a copy of this policy should contact the Compliance & AML Department of Jadwa Investment Company at complaint@jadwa.com or 00966 (0)11 211 4842 or visit: www.Jadwa.com.

v) Amendments to Terms & Conditions

The Fund Manager shall modify these Terms and Conditions in its discretion subject to Fund Board and CMA approval, provided that the approval of the majority of the Unitholders is required for any proposed fundamental change described in Paragraph (u)(4)(2) of Part 4 of these Terms and Conditions.

The Fund Manager shall provide updated Terms and Conditions to the CMA and the Custodian within 20 Business Days from the date of any change.

The Fund Manager shall publish a copy of the Terms and Conditions on its website and that of Tadawul, and must also announce any updated Terms and Conditions on its website and that of Tadawul, within 20 Business Days from any updates, including the annual updates on the Fund's performance.

The Fund Manager shall announce on its website and that of Tadawul any details regarding the fundamental changes to the Terms and Conditions, prior to 10 calendar days from the entry into force of the change.

Non-fundamental changes to the Terms and Conditions shall be declared in annual and semi-annual reports.

w) Governing Law and Dispute Resolution

These Terms and Conditions form a legally binding contract between the Fund Manager and each Unitholder. Subscribing for and purchasing Units in the Fund is a deemed 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.

The Fund Manager and each investor will seek to resolve amicably any dispute arising out of or in connection with these Terms and Conditions and the matters contemplated herein. In the event that a dispute cannot be settled amicably, it may be referred by either party to the Committee for the Settlement of Securities Disputes established by the CMA.

Schedule A – Definitions

- “**Authorized Persons Regulations**” means the regulations of the same name made by the CMA under Resolution Number 1-83-2005 on 21/05/1426H (corresponding to 28/06/2005G) as amended or re-enacted from time to time;
- “**Business Day**” means a day on which banks are open for business in Riyadh, Saudi Arabia;
- “**Capital**” means the equity capital of the Fund;
- “**Closing Date**” shall have the meaning set forth in Paragraph (h) of Part 4 herein;
- “**CMA**” or the “**Authority**” shall mean the Saudi Arabian Capital Market Authority;
- “**Financial Year**” and “**Fiscal Year**” are interchangeable and shall have the meaning set forth in Paragraph (r) of Part 4 herein;
- “**FRI Lease**” means a full repair and insurance lease, whereby the lessee generally assumes all of the maintenance costs, as well as the services and insurance and the obligation to pay taxes and fees directly attributable to the relevant property.
- “**Fund**” shall mean the Jadwa REIT Al Haramain Fund, a closed-ended Shariah-compliant real estate investment traded fund managed by the Fund Manager;
- “**Fund Term**” shall mean 99 years from the Listing Date, renewable in the discretion of the Fund Manager following CMA approval
- “**Initial Offering Price**” means the price at which Units will be offered during the Initial Offering Period, being SAR 10;
- “**Initial Offering Period**” means the period during which the Units will be offered pursuant to the Real Estate Investment Funds Regulations and the REIT Instructions, during the period running for 5 business days commencing on [2017G] until [2017G];
- “**Initial Assets**” means certain assets that will be acquired by the Fund within 60 days from the Closing Date pursuant to the terms of the Purchase Agreements;
- “**Investment**” means each real estate asset in which the Fund acquires an interest;
- “**Net Asset Value**” means the net asset value of the Fund as determined pursuant to Paragraph (j) of Part 4 herein;
- “**Offering**” and “**Initial Offering**” means the Initial Public Offering of Units in accordance with these Terms and Conditions;
- “**Public Unitholder**” means any Unitholder who is not one of the following: (a) any Unitholder who owns five percent (5%) or more of the Units; (b) the Fund Manager and its affiliates; and (c) member of the Fund Board;
- “**Real Estate Investment Funds Regulations**” means the regulations of the same name made by the CMA under Resolution Number 1-193-2006 dated 19/6/1427H (corresponding to 15/7/2006G), as amended, restated or supplemented from time to time;
- “**REIT Instructions**” means the Instructions pertaining to Real Estate Investment Traded Fund issued by the CMA pursuant to its resolution number 6-130-2016 dated 23/1/1438H (corresponding to 24/10/2016G);
- “**Related Party**” means any of the following: (a) the Fund Manager; (b) the Custodian; (c) a developer appointed by the Fund Manager in relation to the Fund; (d) any valuation company retained by the Fund to value the Fund’s assets; (e) the Fund’s auditor; (f) each member of the Fund Board; (g) any Unitholder owning more than 5% of the Fund’s Units; (h) any individual or entity that controls or who is an affiliate of one of the aforementioned parties; and (i) any of the executive managers or any employees of one of the abovementioned parties;
- “**Retained Income**” means income retained in the Fund after distributing not less than 90% of the Fund’s annual net profits, not including profits resulting from the sale of the real estate assets and other investments;
- “**SAR**” means a Saudi Arabian Riyal, the lawful currency of the Kingdom;
- “**Shariah Board**” means the Shariah advisory board of the Fund, which shall be comprised of the Shariah Board of Jadwa Investment Company;

“Shariah Guidelines” means the Fund’s Shariah Guidelines approved by the Shariah Board of Jadwa Investment Company, upon which the eligibility for Investments are determined by the Fund, as set out in Schedule C;

“SPV” means a limited liability company established by the Custodian to hold title to the Fund’s assets;

“Subscription Amount” means the amount contributed by a Unitholder upon subscribing to the Fund offering ;

“Tadawul” means the Saudi Arabian Stock Exchange;

“Unit” means a unit in the Fund, which entitles the holder to an undivided interest and proportional share in the assets of the Fund;

“Unitholder” means an investor investing in and holding one or more Units;

“Unit Net Asset Value” and **“Unit NAV”** means indicative value for the unit calculated by dividing Net Asset Value by the outstanding number of units.

“Unit Price” means the market price of each Unit as announced by Tadawul; and

“White Land” means every vacant land allocated for residential, or commercial residential use, located within the urban boundary limits in the Kingdom of Saudi Arabia.

Schedule B - Summary Financial Disclosure

Fund	Jadwa Al Haramain REIT Fund
Subscription Fees	The investor shall pay the Fund Manager a Subscription Fee up to 2% of the Subscription Amount. Such fee shall be deducted upon receiving the Subscription Amount and paid to the Fund Manager.
Management Fees	The Fund shall pay the Fund Manager a management fee equal to 1% of the Fund's Net Asset Value. The Fund shall be responsible for the Management Fees calculated and paid at the end of each 6 months as of the Closing Date.
Equity Structuring Fee	The Fund shall pay the Fund Manager an equity structuring fee equal to 1.5% of the total Subscription Amounts raised during the Initial Offering or upon raising other Subscription Amounts whether in cash (through rights issue) or in kind. . The equity structuring fee shall be paid once after closing of any equity raising transaction.
Debt Structuring Fees	The Fund shall pay the Fund Manager a debt structuring fee equal to 1.5% of the amount drawn pursuant to any debt financing obtained by the Fund in consideration of the efforts made in structuring and securing the required financing. Debt Structuring Fees shall be paid promptly after each debt draw down.
Custody Fees	The Fund shall pay the Custodian a custody fee equal to 0.025% of the Fund's Net Asset Value paid on a semi-annual basis.
Administrator Fee	The Fund shall pay the Administrator an annual fee of 0.02% of the Fund's Net Asset Value.
Audit Fees	The Fund shall pay the Auditor an annual fee of SAR 35,000 which may vary from time to time.
Independent Board Member Fees	SAR 5,000 per meeting with a cap of SAR 20,000 per annum for each member.
Tadawul Registration Fees	The Fund expects to pay the following Tadawul registration fee: <ul style="list-style-type: none"> • SAR 50,000, plus SAR 2 per Unitholder, subject to a maximum of SAR 500,000 shall be paid to Tadawul in return for setting up a register of Unitholders; and • SAR 400,000 shall be paid to Tadawul in return for managing the register of Unitholders. This fees can vary from time to time depending on the fund's capital size.
Tadawul Listing Fees	The Fund expects to pay the following Tadawul listing fees: <ul style="list-style-type: none"> • SAR 50,000 as initial listing fees; and • 0.03% of the market value of the Fund (subject to a minimum of SAR 50,000 and a maximum of SAR 300,000) annually.
Transaction Costs	The Fund will be responsible for all transaction costs, such as asset acquisition costs, brokerage fees and related diligence, financing, advisory and legal costs.
Fund Expenses	The Fund shall be liable for all costs and expenses attributable to the establishment, activities, investments and divestments of the Fund. Expenses related to third party services such as legal, advisory, accounting, asset valuation, auditing, consulting, custodial, administration, the CMA's regulatory and supervisory expenses, related shariah compliant insurance costs, and other professional services in addition to income purifications shall also be borne by the Fund and such fees and expenses are expected not to exceed 0.50% of the Fund's Net Asset Value per annum.

Property Management Fees	The Fund did not incur Property Management Fees regarding the Initial Assets as the Fund Manager negotiated an FRI Lease Contract with regard to the Initial Assets. With regard to subsequently acquired assets, the Fund Manager shall negotiate the Property Management Fees on an arm's length basis in line with the prices prevailing in the market. The said fees shall be paid from the assets of the Fund.
Development Fees	The Fund did not incur Development Fees regarding the Initial Assets. In case of future development works, the Fund shall be responsible for all costs of design, engineering, procurement, supervision, development and management of real estate development. Costs shall be calculated and paid to third party providers of related service from the assets of the Fund.
Fund Assets Expenses	The Fund did not incur Property Management Fees regarding the Initial Assets. In case of future development works, the Fund shall be responsible for all costs of design, engineering, procurement, supervision, development and management of real estate development. Costs shall be calculated and paid to third party providers of related service from the assets of the Fund.

Schedule C - Shariah Guidelines

In the name of Allah, The Beneficent, The Merciful

Shariah guidelines for the Fund's investment in real estate assets

Shariah Board believes that investment in real estate assets is permissible subject to the following guidelines:

1. the purchase and sale agreement for the real estate assets must be in the Shariah Board's approved form;
2. the invested real estate asset must be accurately known with due diligence;
3. the price must be known;
4. the Fund Manager must not execute any lease contracts on a real estate asset until completion of the purchase of the real estate asset;
5. the property cannot be rented from the owner for a deferred payment, and then re-leased to the owner for an amount that is less than the deferred amount, and the property must not be rented from the owner with a current payment, then re-leased to the owner for more than that price for a deferred payment.

The Fund may only invest directly in the shares of listed real estate companies, or purchase units in other real estate funds traded on the Saudi Stock Market "Tadawul" if it's compliant to Shariah guidelines and passes the Shariah Board approvals.

**Schedule D – Proxy Form
Appointment of Proxy**

I, [•], a [•] national, holder of ID No. [•], [the authorized representative of [•] (the “**Unitholder**”)], being the registered owner of [•] Units valuing at [•] in the Jadwa REIT Al Haramain Fund (the “**Fund**”), do hereby, nominate, constitute and appoint [•], a [•] national, holder of ID No. [•], as [my/the Unitholder’s] proxy in relation to [my/the Unitholder’s] units in the Fund, with authority to attend and vote at all unitholder meetings, from the date hereof until [I instruct/the Unitholder instructs] otherwise or cease to hold units in the Fund.

IN WITNESS WHEREOF, this instrument has been signed and shall come into effect as of [•].

Name:

Signature: _____

Schedule E - Subscription Form
Subscription Form

Fund Name: Jadwa REIT Al Haramain Fund

a. Main Subscriber

Date:										Nationality:									
Investors No.																			
Clients' No.										ID No.									
Mobil:										Email:									
Investments Account No.																			
Address:																			

Individual
Company

Governmental Entity
Semi-Governmental Entity

N.P.O
Other

b. Subscription Details

Required Units (in figures)		Units
Required Units (in letters)		Units
Subscription Fees (in figures)	SAR	
Total Amount Payable (in figures)	SAR	
Total Amount Payable (in letter)	SAR	

c. Payment Terms

Deduct the Total Amount Payable from our Investment Account

d. Details of the Share Portfolio in which Units shall be deposited

Bank/Company Name:
IBAN:
Investment Account No.:
Portfolio No.:

e. Family Members

Family Members Subscribed on their Behalf and Included in the Family Book	Relationship	Civil Registration No.									
1.											
2.											
3.											
4.											
5.											
6.											
7.											
8.											
9.											

e. Investor's Acknowledgement

We confirm that we are a "Qualified Investor" as described in the Fund's Terms & Conditions. We acknowledge by returning this Subscription Form to Jadwa Investment Company, We are making an irrevocable offer to subscribe for units in Jadwa REIT Al Haramain Fund which may be accepted in full or in part by Jadwa Investment Company in its discretion as Fund Manager. We also hereby confirm that we have power, authority and legal capacity to sign the Subscription Application and hold Units in accordance with the Terms and Conditions. Further, we confirm that we as well as all individual included herein did not apply for subscription to the Fund. The Fund Manager may reject all applications in case of repeated applications. We hereby apply for subscription to Jadwa REIT Al Haramain Fund in accordance with the Terms & Conditions that We have received, understood and signed in acceptance.

Investor's Signature/
Authorized signatory
(in case of corporate)

I hereby apply for subscription to Jadwa REIT Al Haramain Fund as described above and in accordance with the Terms & Conditions which I received, read, understood and signed for approval of the same. I hereby authorize you to record my investment account as described above

f. Relationship Manager Signature

Schedule F - Acknowledgement Form

JADWA REIT AL HARAMAIN Fund

On this _____ day of the month _____ of the year _____, the undersigned acknowledges and agrees that he undersigned has read, understood and accepted the Terms & Conditions for JADWA REIT AL HARAMAIN FUND. The undersigned acknowledges and agrees that he is bound by the confidentiality obligations set forth in the Terms & Conditions and that, upon receipt by the Fund Manager of a signed copy of the Terms & Conditions and acceptance by the Fund Manager of this Acknowledgment Form and a Subscription Form from the undersigned, he will be bound by the Terms & Conditions.

INDIVIDUAL INVESTOR:

Main Investor's Name: _____

Signature: _____

Address: _____

Email: _____ Mobile: _____

CORPORATE INVESTOR:

Authorized Signatory(ies): _____

Name: _____

Title: _____

Company's Stamp: _____

Address: _____

Email: _____ Mobile: _____

IN WITNESS WHEREOF, this Acknowledgement Form has been accepted / agreed by the Fund Manager as of the date first written above:

FUND MANAGER

Name: _____ Signature: _____

Title: _____ Date _____